

JPRS 78245

8 June 1981

USSR Report

ECONOMIC AFFAIRS

No. 965



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service (NTIS), Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semimonthly by the NTIS, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available through Bell & Howell, Old Mansfield Road, Wooster, Ohio, 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

Soviet books and journal articles displaying a copyright notice are reproduced and sold by NTIS with permission of the copyright agency of the Soviet Union. Permission for further reproduction must be obtained from copyright owner.

8 June 1981

USSR REPORT
ECONOMIC AFFAIRS

No. 965

CONTENTS

ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

- Production Intensification--New Economic Goal
(A. Baranov; PLANOVOYE KHOZYAYSTVO, Mar 81)..... 1

RESOURCE UTILIZATION AND SUPPLY

- Gosplan's Major Functions, Shortfalls Pointed Out
(Ye. Shabat, et al.; MATERIAL'NO-TEKHNICHESKOYE SNABZHENIYE,
Jan 81)..... 13
- New Measures To Improve Supply Revealed
(V. Yefimov; EKONOMICHESKIYE NAUKI, Mar 81)..... 20

REGIONAL DEVELOPMENT

- RSFSR Gosplan Chairman States Five-Year Plan Targets
(N. Maslennikov; PLANOVOYE KHOZYAYSTVO, Mar 81)..... 29
- Estonian Party Official Discusses Economy
(K. Vayno; PLANOVOYE KHOZYAYSTVO, Mar 81)..... 42

ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

PRODUCTION INTENSIFICATION--NEW ECONOMIC GOAL

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 3, Mar 81 pp 107-117

[Article by A. Baranov, doctor of economic sciences: "Production Intensification Under Present Conditions"]

[Text] Production intensification is an economic process based on the use of ever more efficient means of production and improved forms of labor organization and industrial processes in accordance with the achievements of scientific and technical progress. Under the conditions of socialism it is directed toward a rise in the workers' well-being and cultural level, elimination of heavy and manual labor and a gradual obliteration of the differences between mental and physical labor.

The transfer of public production to an intensive way of development and a fuller utilization of the advantages of the planned socialist economy are the basis for a significant improvement in the economic results of production and a successful solution of the main political and social problems of our society. Intensification predetermines the key trends in and sources of economic growth and creates the material prerequisites for the transition to a new type of reproduction, which more and more acquires the features of the scientific process.

Intensive development is the characteristic of the economy of mature socialism. In the accountability report to the 26th CPSU Congress L. I. Brezhnev stressed the need to lead all national economic sectors to the advanced frontiers of science and technology, which should contribute to the further increase in the role of intensive factors in economic growth. Basic Trends note the close connection between the implementation of the policy of socialist intensification and the realization of the fundamental and urgent tasks of the present stage in communist construction.

Investigations of the methodological aspects of intensification as the decisive unit of the theory of socialist expanded reproduction become important sections of the activity of scientists in different specialties. In connection with this the attainment of the necessary complete and overall nature of investigations and the disclosure of the mechanism of effect of intensification and its economic and social aspects acquire paramount importance.

Intensification is an integral part of the system of economic categories of expanded reproduction, which also includes conformity to plan, proportionality, efficiency and so forth. Each element of the system is important owing to the fact

that it is designed to reflect and characterize one of the aspects of such a complex economic phenomenon as expanded reproduction. Intensification has an unusually profound effect on other categories. For example, the nature of the reproduction mechanism and its correspondence to the present level of development of science and technology stemming from it inevitably predetermine the result and efficiency of production expressed through labor productivity, material intensiveness, the capital-output ratio and so on, as well as the characteristics of national economic proportions, methods of society's planned effect on all the stages of the reproduction cycle and many other aspects of the reproduction process.

In contrast to extensive development characterized by a purely quantitative growth of production resources at the previous technical level, the intensive method reflects qualitative changes in production factors and the transfer of the process of expanded reproduction to a new technical basis, which inevitably leads to significant social and economic changes. True, the division of reproduction into extensive and intensive is conventional, because neither exists in pure form and the real course of economic development represents a certain combination of both.

Production intensification is carried out on the basis of changes in the technical and organizational structure of production, increase in the capital-output ratio and labor productivity, a better utilization of fixed productive capital, shifts in the skill structure of manpower, saving of natural resources at all the stages of their utilization, rise in the degree of scientific organization of production and labor and much more. However, the nature of utilized means of production and the use of modern efficient equipment in the course of expanded reproduction remain the main factors in this diversity of criteria.¹

Such a conclusion is in line with the general Marxist materialistic concept of the decisive effect of means of production on the nature of economic development. "Economic eras," noted K. Marx, "differ not in what is produced, but in how and by what means of labor products are produced."² The application of a similar approach to the characteristics of the two types of expanded reproduction seems especially important in connection with the fact that, owing to this, a general cause and effect relationship is established not only with regard to major periods in the life of society and its individual social and economic systems, but also with regard to less lengthy stages in the development of machine production within the framework of a single social system.

1. K. Marx emphasized this proposition in Vol II of "Das Kapital" (see: K. Marx and F. Engels, "Soch." Works, Vol 24, p 193). It was further developed in Lenin's works and in the decisions of the CPSU and the Soviet Government on problems of economic construction. V. I. Lenin considered the following type of reproduction intensive: reproduction based on the utilization of advanced equipment and technology, combination of agriculture with industry, growing utilization of specialists and increase in the amount of hired labor in capitalist agriculture per unit of land area owing to the transition to the cultivation of labor intensive industrial crops--sugar beets, sunflowers and so forth.

2. See: K. Marx and F. Engels, "Soch.," Vol 23, p 191.

Our party and V. I. Lenin saw in intensification not only an important theoretical problem, but also a fundamental issue of communist construction closely connected with the determination of the ways of the country's economic development and with the prospects for a dynamic growth of all national economic sectors on a socialist basis. V. I. Lenin's theoretical conclusions became the practical basis for a fundamental reorganization of the country's economic life. They permeated the activity of the party in the course of the country's industrialization, collectivization of agriculture and the cultural revolution.

Every major period of communist construction in our country was also an important landmark in the intensification of public production, which was affected by the characteristics of the production apparatus formed at that time, the demographic situation and skill composition of personnel, the degree of exploration and development of natural resources and, finally, the characteristics of the domestic and international situation. The rates of production intensification, its aims and the orientation toward the accomplishment of the immediate social and economic tasks of our society were also formed depending on them. In accordance with this three basic stages in intensification can be singled out.

The first encompasses the period of transition from capitalism to socialism and ends with the construction, for the most part, of a socialist society. During that period the main emphasis was placed on the technical reconstruction of old enterprises, establishment of modern, new production sectors and large industrial bases in the country's new industrial regions and training of skilled cadres of workers, specialists and production organizers.

The second stage lasted right up to the construction of a developed socialist society. Its first years were marked by the approaching threat of Hitler's invasion, reorganization of the entire economy on a military basis and then persistent and stubborn work on the elimination of the consequences of the war. Under those conditions heavy industry sectors were developed on a top-priority basis and their production potential was strengthened, which made it possible to withstand the severe ordeals of the war and to attain the prewar level of production. After 1950, when this level was surpassed, production intensification greatly gained in scope, especially in the area of electrification, chemicalization and mechanization of production. The construction of new enterprises was carried out actively and the distribution of industry and other economic sectors throughout the country's regions was improved.

The third period of production intensification began with our country's entry into the stage of a developed socialist society. As was noted in the decisions of the 24th, 25th and 26th CPSU congresses, it is characterized by a pronounced systematic orientation of the economy toward the satisfaction of the workers' material and spiritual needs and an ever fuller utilization of the country's created production and scientific potential simultaneously with its increase. Acceleration of scientific and technical progress, transition to overallly mechanized and automated production and to a system of machines, optimization of the investment process and improvement in the territorial organization of production are the main ways of intensification under present conditions. The humanistic trend in present intensification is its most characteristic feature and a testimony of the greater economic power of mature socialism.

In our country vast experience in economic development along the intensive path was accumulated and V. I. Lenin's legacy to place "by the latest technological methods" the country's natural resources at the service of the people and thereby to ensure the basis for unprecedented progress of its productive forces was realized.

At present, when in many volume indicators the USSR has advanced to the first place in the world, the qualitative aspect of production acquires exceptional importance. Production intensification is one of the most important levers in improvement in the work of all economic sectors and increase in its efficiency, which is confirmed by an analysis of the effect of intensive factors on its basic elements.

Reduction in material intensiveness, primarily of such a basic structural material as metal, can serve as a graphic example. According to the data of intersectorial balances of production and distribution of products, in 1977 per 1,000 rubles of machine building output in the RSFSR the full expenditures of ferrous metal in power machine building and bearing production comprised 88 percent as compared to the 1966 level, in tractor and agricultural machine building, 82 percent and in motor vehicle building, 67 percent.

An analysis of the key factors in the saving of metal (use of higher-grade and efficiently shaped rolled metal, improvement in the designs and weight characteristics of machinery and equipment and introduction of modern metal substitutes, especially plastics) indicates that production intensification was the reason for such significant shifts in the metal intensiveness of output.

Approximately the same pattern is observed during an analysis of the dynamics of expenditures of electric power on the production of a unit of industrial output. The effect of intensive factors is manifested even more obviously in the utilization of the active part of the productive capital--machinery, equipment and instruments. An increase in its capacity and automation and overall mechanization of production contribute to a repeated saving of live labor.

The following sample survey data of the RSFSR Central Statistical Administration attest to the effect of new technology measures on the saving of live and embodied labor in the RSFSR industry in 1976-1978.

Effect of New Technology Measures on the Saving of Live and Embodied Labor in RSFSR Industry in 1976-1978 (in %)

<u>Indicator</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1976-1978</u>
Share of increase in labor productivity as a result of introduction of all new technology measures	58.8	50.2	59.0	55.6
Including as a result of measures:				
increasing the productivity of live labor	47.1	39.1	48.1	44.4
ensuring the saving of embodied labor	11.7	11.1	10.9	11.2

Organizational measures represent another important direction in this area. Owing to the retooling and improvement in the organization of production in the RSFSR industry 77.2 percent of the entire increase was obtained in 1976, 64.9 percent,

in 1977, 73.9 percent, in 1978 and, on the average, 71.3 percent in 1976-1978. Therefore, approximately from two-thirds to three-fourths of the increase in labor productivity in the RSFSR industry during the 10th Five-Year Plan was ensured as a result of intensive factors.

Intensification has a tremendous effect on the end result and efficiency of public production. The combined national economic effect of intensification includes the economic and social effect, which is expressed in the development of the socialist way of life and the formation of an all-around developed personality. Sometimes the entire combined national economic effect is called social in the broad sense of this word.

A close interrelationship and interdependence exists between both types of effect, although there are also significant differences in time, forms and the specific trend in their realization between them. The extent of the social effect depends on how expedient the forms of realization of the economic effect are. For example, it is known that the part of the economic effect designed to raise the population's standard of living can be mediated by an increase in the average wages of workers, expansion of public and collective consumption funds and reduction in retail prices of goods and paid services. It becomes necessary to select the optimum combination of the indicated forms of increase in the population's real income with due regard for the fact that each form is connected with the solution of certain social problems and its realization requires an appropriate material provision. The efficiency of such measures as free education is very high. Essentially, being a form of redistribution of the economic effect in favor of badly-off families with many children, they make education and culture accessible to all citizens in accordance with the humane goals of our society and the interests of development of public production. However, public consumption funds cannot be increased in detriment to the principle of distribution according to labor.

Under present conditions it is important to develop the most rational methods of realization of the economic effect of intensive production in the interests of the solution of urgent social and economic problems at the present stage in communist construction. In our opinion, the main methods must ensure the following:

more fully take into account the social aspects of activity of production collectives in the plans for the development and reconstruction of enterprises and for the establishment of large sectorial and regional complexes;

provide the optimum combination of national economic and regional interests, a state approach to this matter with the greatest consideration of local characteristics and conditions and elimination of the disproportions existing in the development of production and social infrastructure projects, which leads to an unjustifiably high labor turnover and outflow of the population from a number of regions of paramount importance for the development of the country's entire national economic complex;

constantly keep under the control of economic and planning bodies the problems of establishment of a socially normal level of labor intensiveness, which appears as an important condition for labor productivity growth, and systematically pursue a course of facilitation of labor and a reduction and complete elimination of heavy

and not very attractive work. At the same time, in a number of sectors, especially with a discrete nature of production, it is important to avoid a disruption in the regularity of the production process, work time losses and weakening of labor discipline. A systematic establishment of the level of labor intensiveness meets our society's goals to ensure an adequate development of every person in the process of labor activity and to more fully and thoroughly reveal his talents and abilities.

The economic effect obtained in production, including as a result of intensification, is the basis for the solution of the set of social problems of our society.

At the same time, social factors play an ever greater role in the successful development of socialist production. As practice shows, the construction of major sectorial and regional complexes and the reconstruction of enterprises produce the greatest results if, along with advanced equipment, technology and production organization, provision is made for the solution of social problems of development of production collectives. Intensification of the role of social factors in the development of socialist production is one of the patterns in the establishment of the material and technical base of communism.

Some economists identify intensification and efficiency. Everything that is intensive is efficient, which means that everything that is efficient is intensive and everything that is inefficient is extensive. However, the process of transfer of the economy to an intensive basis is by no means so straightforward and free of conflict. Modern equipment, the basis for intensification, often requires for its development expenditures so high that they prove to be excessive not only for the biggest enterprises, but even for whole states. A return on the invested capital is very remote.

At one time the expenditures of material, financial and labor resources on the development of such recent sectors of industrial production as atomic, rocket-space, electronic and some other sectors were vast. Today, however, it is obvious that production intensification is impossible without atomic power engineering, without other trends in the use of atomic energy and without modern electronics, chemistry and developed space research.

The development of new equipment and the efforts of society connected with this represent a necessary stage and an integral feature of intensive production, even if these efforts do not give an immediate effect and are directed toward the formation of material prerequisites for an increase in production efficiency in future years.

An increase in production efficiency is the object of intensification. Otherwise it has no meaning. Often, however, the intensive and efficient do not coincide in time. Experience shows that in a number of cases the highest national economic effect is attained when series production is organized, that is, almost at the stage of extensive expansion of approved equipment, not when a new machine has just been released by its developer. Often, when the highest effect from the mastering of equipment is attained, it ceases to be advanced, new.

Thus, there is every reason to believe that intensification and efficiency are different economic categories and they should not be mixed. Such a substitution does not contribute to fruitful investigations in the area of the theory of

expanded reproduction and has led to the fact that a number of economists recognize only the capital saving type of intensive reproduction, denying the right of the capital intensive type of intensification to exist.

In our opinion, one cannot agree with this position. By no means in all cases does an increase in the output-capital ratio contradict the interests of production intensification. For example, an increase in the proportion of heavy industry sectors, in which the output-capital ratio is high, can cause an increase, at least temporary, in this indicator in the entire industry. Indeed, it is inadmissible to conclude from the fact that the capital-output ratio in power engineering is 26 kopecks per ruble of fixed capital and in the food industry it reaches 3 rubles that it is necessary to hamper the growth of power capacities in favor of the food industry. Such a measure would contradict primarily the interests of production intensification.

At the present stage new equipment performs a number of functions (in improvement in working conditions, environmental protection and so forth), which previous generations of equipment did not have. The additional expenditures caused by these functions increase the cost of equipment and the output-capital ratio of the products produced by means of this equipment. For example, an analysis has shown the need to improve the tractor cabin with due regard for ergonomic requirements. A tractor operator sits for about 60 percent of his work time in an uncomfortable position, his body inclined at 15-35° and turned to 45°, making up to 300 inclinations per shift. Therefore, he tires quickly. These facts should be taken into consideration when new models are developed, which will make it possible to raise labor productivity. However, there can be a loss in the return per ruble of capital, because expenditures on these measures were not taken into account in previous models. The implementation of nature protection measures affects the indicator of the capital-output ratio in the same direction. As a rule, they also do not lead to additional output, but have their own considerable economic and social effect, which the indicator of the capital-output ratio does not capture. At the same time, these measures do not cease to have a favorable effect on production intensification.

The output-capital ratio can also increase in connection with an intensified processing of natural raw materials and elimination of losses during their harvesting, procurement or transportation. For example, losses of products in the course of harvesting, primarily as a result of the shortage of agricultural equipment, are still considerable in agriculture. In the Russian Federation the load per grain combine is 180 hectares and, when weather conditions are poor and there is disorder in organization, harvesting is prolonged to 1.5 or 2 months.

As calculations show, in order to eliminate grain losses during harvesting, it is necessary to shorten its period to 3 weeks and to reduce the load per combine to 80 or 90 hectares, that is, to almost double their number. With the money made from the increase in grain as a result of prompt harvesting it is possible to develop the capacities of the combine industry accordingly. In this case the indicator of the capital-output ratio will be lowered, because the harvest will increase in a smaller proportion than the combine pool. However, will this contribute to the intensification of agriculture? Without any doubt.

Thus, socialist intensification appears as an important economic category, an efficient means of improving productive forces and a major lever of establishment of the material and technical base of communism. Systematic progress in equipment, technology and production organization leads to the fact that labor cooperation, in which scientific and planning-design subdivisions play an ever greater part, becomes greatly complicated. At the same time, there is also a development in production relations, primarily in the exchange of activity within the participants in cooperation connected with the development and introduction of new means of labor and more modern technology and organization into production.

At the same time, intensification, since it is progressive and is accompanied by an economic effect, inevitably produces an increase in the productive force of labor and in the mass of the surplus product, leads to a change in the correlation between the necessary and surplus product and requires improved forms of their realization. All this serves as the basis for the solution of certain social problems, although in many cases, owing to feedback, the solution of the social problems of the participants in labor cooperation is the necessary prerequisite for the attainment of and increase in the economic effect of production intensification.

Thus, the social and economic essence of intensification as an overall category is manifested in the fact that it appears as an efficient lever of improvement in production and reflects the complex range of relations between workers in production and the nonproduction sphere, science and management.

Production intensification is considered by the Communist Party one of the main conditions for the realization of the basic task of the 11th Five-Year Plan. Only emphasis on intensive factors in economic growth will make it possible to successfully solve the urgent problems of development of material production and to ensure a significant advance of the people's standard of living.

The following question arises: What trends in production intensification acquire special importance under present conditions? The answer to it is closely connected with an analysis of the basic characteristics of the country's economic development during this period. In our opinion, the following are the main ones:

development of a powerful economic and scientific-technical potential in all the country's basic national economic sectors and attainment of a high degree of production socialization, which make it possible to realize to an ever greater extent the advantages of big modern enterprises and of the socialist planned economy;

a sufficient number of well-trained skilled cadres of workers and specialists and their high occupational and territorial mobility, which makes it possible to rapidly form big production collectives in the country's most undeveloped regions and, at the same time, the aggravated shortage of manpower in a number of important centers of concentration of industry;

attainment of a high degree of utilization of mineral and raw-material resources in the regions of their traditional extraction and in connection with this the need to rebase a significant part of the extractive industry in uninhabited, new and, often, not easily accessible regions in the country, where development costs are high owing to the fact that it is necessary to establish large modern industrial enterprises, as well as the production and social infrastructure, to develop agriculture and so forth;

allocation of society's ever greater resources for a rise in the standard of living of the Soviet people and in connection with this the need to fully take into account social factors in the development of production collectives and to select the optimum trends in economic development, in the policy of capital investments, in regional policy and so forth.

The indicated and some other characteristics of the present economic situation in the country determine the adequate trends in production intensification. The most important of them is connected with the improvement and development of the production potential of industry and other sectors of material production. The powerful production apparatus developed by the selfless labor of the Soviet people over decades makes it possible to ensure a significant share of the necessary increase in industrial output as a result of a rise in the level of proportionality in the development of production sectors and labor enterprises and associations and the modernization and retooling of individual elements of fixed productive capital.

Under these conditions of decisive importance are such trends in the investment policy as the reconstruction and retooling of enterprises, which make it possible to utilize in the maximum possible way the capabilities of already established enterprises and their production collectives, the elements of the previously formed infrastructure and the production relations formed with allied enterprises.

Intensification poses crucial problems not only for production workers, but also for scientific institutions, which are to actively search for modern, new scientific and technical solutions capable of sharply accelerating the process of increase in production efficiency and activating production reserves for strategic purposes. In particular, it is necessary to intensify scientific research of a pioneering nature connected not so much with an increase in the capabilities of already developed equipment (work which also retains its importance nowadays) as with the development of fundamentally new equipment and technology making it possible to ensure a multiple increase in labor productivity and the greatest utilization of society's resources.

At present machine building sectors do not always have sufficient capacities to fully provide consumer enterprises with equipment. Meanwhile, there are potentials for this in industry and other economic sectors. A significant part of the machine tool pool is concentrated in repair facilities, enterprises for the servicing of equipment and so forth, not in machine building sectors. For example, in the Russian Federation about 56 percent of all the machine tools are concentrated outside machine building and they are not utilized in a sufficiently productive way. In connection with this it seems rational to switch part of this equipment over to the output of equipment for the mechanization and automation of auxiliary operations and to entrust the basic share of the work on the servicing and repair of equipment, in which many machine tools are now engaged, to the appropriate machine building ministries, following the experience of the best enterprises of the Ministry of the Automotive Industry, Ministry of Tractor and Agricultural Machine Building and other machine building ministries. Sectorial scientific research institutes with the active participation of scientific subdivisions of higher schools can undertake the development of this equipment at the most modern level, including with the utilization of computers. The first steps in this direction

have already been taken by collectives of higher educational institutions in the Russian Federation under the guidance of the Cost Accounting Scientific Association of the RSFSR Ministry of Higher Educational Institutions. In connection with the acute shortage of labor resources in a number of the country's regions and the insufficient provision of many enterprises with equipment for the mechanization of auxiliary production this work is unusually important.

An accelerated development of production sectors ensuring a thorough and overall processing of plant and mineral raw materials (of chemistry, petrochemistry, pulp-paper and woodworking industry, enterprises for the processing of nonore materials and appropriate machine building sectors) is a vitally important trend in intensification under present conditions. The data of scientific institutes and advanced production experience show that at the present level of development of science and technology it is possible to increase the output of the end product per cubic meter of procured timber fourfold or fivefold and per ton of extracted petroleum, at the same and even higher rate. Modern equipment ensures efficient solutions in the overall processing of hard coal and natural gas, during which the value of many chemically obtained small-tonnage products greatly exceeds the value of basic output. Having available large reserves of mineral raw materials and unique forest reserves, our national economy also can and should occupy advanced positions in the matter of their overall utilization. Purposeful, coordinated, long-term work on the development of the capacities of petroleum processing, pulp-paper and woodworking enterprises, as well as of the appropriate machine building sectors, is needed in this direction. The vast natural resources in which our country is rich should better contribute to the further intensification of the economy and to a rise in the people's well-being.

Overall nature in the development of the national economy at all its levels is the next important aspect of production intensification. Practice shows that a lack of coordination in individual sectors of material production, as well as of the nonproduction sphere, inevitably is reflected in the economic and social effect of production and hampers the normal process of communist construction.

The problems of overall nature are especially urgent within the framework of a specific territory, primarily in regions of new development. The actions and interests of industrial enterprises and local party, soviet and economic bodies and the national interests of dozens of nationalities populating our country mesh closely there.

An overall development of the national economy at the present stage of production intensification means:

provision of coordination and interrelationship between the progress of the country's entire national economy and its components--the economy of the Union republics, large regions and production sectors and subsectors;

harmonious and balanced development of enterprises and sections of the national economy within the framework of every Union republic and every economic region in the interests of a full and rational utilization of their natural, labor and other resources;

attainment of the necessary proportionality in allied and interconnected sectors of the national economy and increase in the role of such major intersectorial complexes as fuel-power, machine building, transport, agroindustrial and other complexes;

establishment of scientifically substantiated proportions between the development of material production and the projects of the social infrastructure.

The territorial production complex becomes the modern efficient form of regional production organization. Improvement in territorial planning and management and transfer of all the functions for the formation and development of new complexes to one economic body bearing full responsibility for all work are the most important means of attaining the national economic approach. It should include the representatives of planning bodies, of all the ministries participating in the establishment of a territorial production complex and of local soviets. Its duties could include the following: a strict and full accounting of all the natural, labor and other resources in a region; elaboration of the most rational trends in their development and utilization from the standpoint of national economic efficiency; distribution of capital investments and coordination of the work of all ministries and departments on a given territory. It should act as the single general client for the construction of all the projects of a complex.

A territorial production complex should be developed according to a single plan, which should not only record the actions of ministries and departments, but guide these actions and be the law for every ministry and department in the cause of protection of statewide interests. The first experience in territorial planning in Moscow, Leningrad and Krasnoyarskiy Kray confirms the efficiency of this work.

Regional production organization meets the goals of all-around production intensification only to the extent to which it takes into account the historical, natural-climatic, demographic and other conditions of every economic region and every zone in the country.

The need for a differentiated approach to the development of the economy of individual economic regions increases especially in connection with the rapid development of industry in the country's north and east, which provide an ever greater increase in the extraction of petroleum, natural gas, ferrous and nonferrous metal, chemical raw materials, timber and so forth. A scientifically substantiated approach to the development of these regions should include the following:

development and introduction of modern specialized machines for these regions, especially equipment for the overall mechanization and automation of production and transport, including all-terrain, machines capable of operating under conditions of low temperatures. The output of machines for northern conditions should determine the industrial specialization of the southern regions of Siberia and the Far East;

development and adoption of fundamentally new economic, technical and organizational solutions taking into consideration the conditions in the country's north and east (watch method of development of mineral resources, overall mechanization and automation of industries and so forth);

construction of enterprises in combination with projects of the production and non-production infrastructure and the development of repair service bases in big cities and industrial centers, which are located in immediate proximity to these regions and have good transport communications with them;

implementation of a system of measures to retain personnel in northern and eastern regions, in particular creation of the conditions necessary to raise the northerners' standard of living (material incentives, development of a network of cities and provision of the population with comfortable housing, as well as with a set of social-cultural and all types of domestic services);

coordination of the activity of all the interested ministries, departments and organizations carrying out work in these regions and increase in the role of local soviet and planning bodies in this matter.

The development of modern equipment for northern regions, organization of a network of enterprises for its repair and servicing and provision of fuel, lubricants and industrial rubber and other materials for work under conditions of low temperatures are of special importance among the indicated measures.

Production intensification is the only possible way of solving the urgent problems of developed socialism. Realization of the plans of the party in this area will raise our country's economic and scientific-technical potential even higher and will make it possible to advance the people's standard of living significantly.

COPYRIGHT: Izdatel'stvo "Ekonomika", "Planovoye khozyaystvo", 1981

11,439

CSO: 1820/135

RESOURCE UTILIZATION AND SUPPLY

GOSSNAB'S MAJOR FUNCTIONS, SHORTFALLS POINTED OUT

Moscow MATERIAL'NO-TEKHNIЧЕСКОYE SNABZHENIYE in Russian No 1, Jan 81 pp 36-41

[Article by Ye. Shabat, chief of the USSR Gosnab Economic Administration, and Ye. Ovsyannikov and B. Novichkov, department chiefs: "The Utilization Balance--An Instrument for Rational Materials Consumption"]

[Text] The October 1980 Plenum of the CPSU Central Committee once again emphasized the urgent need to further improve the economic mechanism and better the planning activity. A resolution of these problems would allow the elements leading to rapid production growth to be more fully utilized and superior end results to be achieved.

USSR Gosnab bodies have been called upon to play a major role in improving the economic mechanism and bettering the planning process. They will be largely responsible for balance in the material and technical supply plans; for the rational utilization of production funds and material, labor and capital resources; for an intensification of the economizing policy, and for the elimination of losses in the national economy.

The USSR Gosnab bodies hold an important tool for increasing the efficiency of resource utilization: material balances and distribution plans. More than 13 thousand of them are approved annually within the USSR Gosnab system. Experience has shown that the system adopted for approving the balance proposals and distribution plans for the most important types of products on the USSR Gosnab list is having good results. Intersectorial coordination of the material and technical supply plan is improving, existing resources are being more fully put to use in the operational turnover and the demands of the national economy for the products distributed by USSR Gosnab are being more fully satisfied.

The level of balance activity has risen significantly in recent years. In many respects this is a result of the fact that committee administrations for supply and intersectorial relations have actively participated in it. Jointly with Soyuzglavnabsoy (USSR Gosnab Main Supply and Sales Administrations), they are taking measures to procure additional resources and eliminate bottlenecks in supplying the national economy. In doing so they are taking into account the need to allot more resources to the most important sectors: agriculture, the fuel and energy complex and the construction and renovation of large-scale enterprises which determine scientific and technical progress.

It should be noted that in the formulation of plans for distributing products on the USSR Gosnab list, the results from reviews of unresolved problems with the territorial bodies as a rule are taken into account. This significantly increases the accuracy of the material and technical supply plan and helps eliminate the need for numerous adjustments.

USSR Gosnab bodies have stepped up activity connected with improving the normative base for the expenditure of material resources. About 450,000 group expenditure norms were reviewed during the last 5-year period. They affected 400 designations of products distributed by USSR Gosnab. In addition, 150-160 quotas for an average reduction of expenditure norms for raw and other materials are approved annually for approximately 70 product designations for the ministries and departments. We should recall that in 1973 quotas were assigned to only eight product designations.

The reduction of expenditure norms has a great economizing effect. There was a saving of about 200 million rubles for the 5-year period, including 80 million rubles that resulted from meeting quotas for the average reduction of norms. The ledger savings of material resources last year exceeded 55 million rubles. The necessity for high material input for goods being produced decreased, there was more balance in the plans and materials began to be used more rationally.

In addition, analysis shows that significant reserves from a continuing reduction of expenditure norms and from the maintenance of a very strict economizing policy with regard to products distributed by USSR Gosnab are not as yet being fully realized. Union republic Gosnabs and main territorial administrations are weak in their conduct of economizing and analytical activity and are inadequately analyzing the proposals presented by consumer enterprises for material resource norms. Therefore enterprises quite frequently get approval of unjustified, obsolete norms. For example, of the 110,000 group expenditure norms presented last year, 84.5 percent were adopted at the level of the previous year, and achievements of progressive enterprises and scientific and technical progress in the sectors were not taken into account. Inflated norms for the expenditure of material resources continue to be in effect in many enterprises.

The reviewing of norms must be stepped up. The products list according to which a precise determination of the normative base for material resource expenditures for the 11th Five-Year Plan will be made has now been approved. Document forms on which the results of the determination of production norms should be reflected have been worked out and brought to the attention of the territorial bodies. The documents have been adapted to machine processing.

In conjunction with the decree of the CPSU Central Committee and the USSR Council of Ministers on improving the economic mechanism, USSR Gosplan and USSR Gosnab are to define the list (assortment) of products whose balances and distribution plans are worked out and approved by USSR Gosplan, USSR Gosnab, the USSR ministries and departments and the councils of ministers of the union republics. The list of such products has at present been completely determined.

USSR Gosplan is now working out material balances and distribution plans for products with intersectorial application that determine the rate and proportion of the national economy's development and are especially significant for raising

the people's standard of living, strengthening the state's defense capability and developing foreign economic ties. It is also working out material balances and distribution plans for extremely important individual types of critical products or products acquired largely through import.

USSR Gosnab has been assigned the task of working out balances for the most important types of products with intersectorial application which are not distributed by USSR Gosplan and also for products which determine USSR Gosplan's products list.

USSR Gosnab has approved the finalized list of products with an industrial or technical designation which the committee began to use as a guideline in 1981 for working out material balances, distribution plans and the system for allocating the products. Moreover, first-time approval has been given to the products list which is to be used for working out balances and distribution plans in the formulation of both the 5-year and 10-year plans.

Part of the balances which formerly had been formulated by USSR Gosplan were transferred to USSR Gosnab, and part of those that had been under the jurisdiction of USSR Gosnab passed to USSR Gosplan. A finalization of the products list was made so that coordination in production planning and the distribution of individual types of products might be provided for in the best possible way.

For example, parquet and benzene were handed over to USSR Gosplan for distribution. Why was this done?

The distribution of materials for floor coverings--linoleum, ceramic tiles, carpets--has traditionally been carried out by USSR Gosplan. Parquet makes up 20 percent of the overall volume of floor-covering production. Therefore, it is only right to transfer it to that organization which is in charge of the majority of floor-covering materials.

Formerly USSR Gosplan planned the production of benzene, whereas USSR Gosnab was in charge of its distribution. Benzene serves as a raw material for processing plastics, synthetic fibers, pesticides and other products whose balances and distribution plans are worked out by USSR Gosplan. Because of this, it has been deemed expedient to concentrate the distribution of benzene in USSR Gosplan as well.

On the other hand, what has been transferred to USSR Gosnab? For the most part, it has been given individual types of machine-building items which specify and determine the USSR Gosplan range of products. A revision of the products list will allow bottlenecks in supplying the national economy to be more fully exposed and corresponding measures for liquidating them to be planned.

In order to increase the stability and balance of the plans being worked out for 1981-1985 for the material and technical supply of products that are distributed by USSR Gosnab, norms have been approved for undistributed reserves of basic product types. In addition, forms have been revised for records used in coordinating production plans with the USSR ministries and departments and for documents to be used by USSR Gosnab in presenting preliminary requirements for products having industrial and technical functions.

All of this leads to an improvement in the balancing process and to a closer coordination between the national economy's demand for industrial production and the available resources. However, coordination will not occur automatically, by itself. A thorough and comprehensive analysis of the process of fulfilling the plan must be made, and existing reserves must be revealed.

An important role in drafting the material and technical supply plan is played by the utilization balances, which are worked out by union republic Gosplan and by USSR Gosplan main territorial administrations. As is well known, the production list worked out by USSR Gosplan is not taken into account in the state accounting for the utilization and surpluses of material resources. Therefore the utilization balance is, for all practical purposes, the only document which permits the territorial bodies of USSR Gosplan and the Soyuzglavplanabyt to obtain data on the actual expenditure of raw and other materials in the areas where they were to be used and on product surpluses among the consumers and enterprises of our system.

An analysis of the utilization balances permits the Soyuzglavplanabyt organizations and the territorial bodies of USSR Gosplan to resolve problems in a more practical way and to take measures to improve the supplying of consumers. There is the possibility of determining the volume of material resources allotted for the current year and of accounting for the actual use of them during the fiscal year under review. There is also the possibility of strengthening control over the economical and rational expenditure of material resources and of exposing instances when resources have been diverted for purposes that were not stipulated by the plan. This is especially important because, in spite of the shortage of individual critical types of raw and other materials, certain enterprises use them in ways other than those strictly specified and add to the strain of supplying the national economy.

Utilization balances have been worked out within the USSR Gosplan system since 1973. The products list according to which, until recently, territorial bodies have formulated utilization balances included almost 400 designations of the most important types of production. This is approximately 3 percent of the overall quantity of designations for products distributed by USSR Gosplan. However, until 1977 such balances were not given sufficient attention and they were not fully utilized in the actual work of formulating the material and technical supply plan.

In addition, these documents can play a large role in increasing the control over the expenditure of material resources. The use of them helps improve the quality and balance of the material and technical supply plan. Therefore USSR Gosplan has recently been devoting a great deal of attention to working out these balances.

In order to increase control over the proper expenditure of material resources in the enterprises, the item "other entries" has been introduced into the form for the utilization balance. All sources for obtaining material resources and not just the ones stipulated by the plan are specified in it. This allows for an improvement in the conservation of material resources.

On the basis of the utilization balances received from the enterprises, the territorial bodies of USSR Gosnab are seeking additional material resources in order to more fully provide for the primary needs of the national economy.

Some consumers try to "extract" more resources than are necessary to fulfill the production quotas. Therefore they present inflated orders for raw and other materials. An intensive study of the utilization balances can reveal this. For example, it was discovered in Kazakhstan that consumers had ordered 5,000 extra tons of refractories and 900 extra tons of nonferrous metals for 1981. Large above-norm surpluses of graphite electrodes were revealed. Part of them were redistributed among the consumers within the republic, and the remaining surpluses were confiscated from the Kazakh SSR funds by the Soyuzglavsvetmet [USSR Gosnab Main Administration for Nonferrous Metals].

On the basis of an analysis of utilization balances for 1979, the KaSSR Gosnab last year redistributed hundreds of tons of metal products found in the above-norm surpluses of a number of republic enterprises. Analogous examples can be cited for the Belorussian SSR Gosnab and the Central Ural and Moscow main territorial administrations.

When there is strain in supplying the national economy with individual types of products, it is especially important to carefully analyze the utilization balances and seek out and incorporate additional resources obtained through a more rational utilization of them. The soyuzglavsnabsbyts play a large role in this.

Experience shows that in the areas where sufficient attention is given to such work, positive results are also achieved. The experience of the Soyuzglavrezinsnabsbyt [USSR Gosnab Main Administration for the Supply and Sale of Rubber] is worthy of our attention. A careful analysis of utilization balances became an everyday occurrence there. An order concerning the system for analyzing utilization balances is issued annually, and the basic procedures and forms for the analytical work are developed and recommended to the departments. The list of industrial rubber and asbestos products used as a basis for drawing up the utilization balances is constantly growing. In 1977 it did not exceed 12 designations, and now it has reached 57.

Systematic work with utilization balances allows the Soyuzglavrezinsnabsbyt to constantly supervise the correct use of material resources in the areas where they should be expended, to reexamine and revise norms and to inject additional resources into the operational turnover.

For example, on the basis of an analysis of utilization balances the expenditure norms for repair rubber earmarked for the repair of treads were reduced. In addition to this, it became possible to revise the actual expenditure of repair materials according to the demand for them.

The results of this analysis were used extensively in investigations of unresolved questions with the territorial bodies. Soyuzglavsnabsbyt specialists proved to the territorial administration employees that orders for a number of items were unjustifiably inflated. For example, it turned out that with regard to sponge items from latex for manufacturing furniture, only 42,400 tons were required for a year, instead of the 63,000 tons indicated in the order.

The Soyuzglavtsvetmet, Soyuzglavmetiznababyt [USSR Gosnab Main Administration for the Supply and Sales of Metal Products], Soyuzglavtar [USSR Gosnab Main Administration for Packing Materials], Soyuzglavogneupornababyt [USSR Gosnab Main Administration for the Supply and Sales of Refractories] and other supply organizations have recently begun to devote more attention to the analysis and practical use of utilization balances.

But nevertheless, such activity has not as yet become widespread. In many union republic Gosnabs, main and territorial administrations and soyuzglavnababyts the utilization balances are not being adequately analyzed, they are not being carefully worked out and they are being presented late to the higher organizations. At times, data in the utilization balances contradicts that received from other information sources. For example, in the utilization balance of BSSR Gosnab that was presented to Soyuzglavstankoinstrument [Main Administration for the Supply and Sales of Machine Tools and Instruments] the data on the surplus of metal-working instruments did not correspond to the data presented to the USSR Gosnab Main Computer Center and turned out to be deflated. According to the utilization balance data the surplus for 1 January 1980 was 2.049 million rubles, whereas according to the Main Computer Center data it was 2.212 million rubles).

In the utilization balances presented by the Central Jral Main Territorial Administration to Soyuzglavtsvetmet the surplus of graphite electrodes was set at 893 tons, whereas according to the inventory data the surplus of this item among area consumers exceeded 1,000 tons. Utilization balances were provided late to Soyuzglavpribor, Soyuzglavkabel', Soyuzglavtyazhmash, Soyuzglavkhim and Soyuzglavbum [USSR Gosnab Main Administrations for Instruments, Cable, Heavy Machine-Building Production, Chemical and Industrial Rubber Products, and Cellulose and Paper Products]. In addition to this, six utilization balances for 1979 (for sewing machine needles, sewing needles and industrial sewing needles) were presented to the Soyuzglavmash [USSR Gosnab Main Administration for Machine-Building Production] almost one-half year late, whereas the utilization balance for metal-working instruments, despite reminders from Soyuzglavstankoinstrument, was not presented at all.

Utilization balances for many types of products are presented to the main supply administrations without reference to their use at the ministry and department levels. There are also other shortcomings. Soyuzglavles [USSR Gosnab Administration for Lumber] distributes funds for items on the USSR Gosnab products list on the basis of previous years. The utilization balances have not as yet become an important analyzing document there for the evaluation of the actual expenditure of lumber products.

Taking previous experience into account, the USSR Gosnab adopted the decree "On Measures for the Continual Raising of the Level of Development and Use of Utilization Balances in Formulating Material and Technical Supply Plans." This decree specifically provides for a significant expansion of the products list according to which the territorial bodies should work out utilization balances. At the present time this list contains more than 1,000 product designations, including those for 624 types of machine-building items. Products from ferrous and nonferrous metallurgy, the chemical, petrochemical and wood-pulp industries and other branches are also on this list.

in order to strengthen its control over the consumers' incorporation of technically justified norms and standards for the expenditure of raw and other materials and components, this same Gosnab USSR decree stipulates the obligation of territorial bodies to present, along with their utilization balances, additional data on the use during the given fiscal year of the most important types of products in the main areas designated for their expenditure. This data should contain both projected and actual expenditure norms.

The Ukrainian SSR Gosnab was the originator of this proposal. Its territorial administrations and supply and sales organizations have for several years already been receiving information on the production of items and on the planned and achieved norms for the expenditure of material resources at the same time that they receive the utilization balances, and they have been analyzing the utilization of these resources according to the ways they are expended and the types of activities that are carried out. This has helped improve the utilization of raw and other materials.

The USSR Gosnab decree calls for an examination of orders and demand estimates and also of unresolved material and technical supply questions within the Soyuzglavnabsoy organizations, with consideration given to the presentation of utilization balances by the USSR Gosnab territorial bodies. All of this will allow the role of utilization balances as an analysis document to increase significantly.

During the 11th Five-Year Plan, the Gosnabs of the union republics, the main territorial administrations and the soyuzglavnabsoys are to improve the quality of the material and technical supply plans. Resources must be concentrated in the most important areas; the maximum amount of above-norm, surplus and unused material assets must be injected into the operational turnover, and progressive norms for the expenditure of raw and other materials and goals for lowering them must be worked out. In order that these goals for the national economy might be successfully executed, the analytical work with utilization balances must be intensified and expanded and the balances must be converted into an effective instrument for the conservation of material resources.

COPYRIGHT: Izdatel'stvo "Ekonomika," "Material'no-tekhnicheskoye snabzheniye," 1981

9637

CSO: 1820/135

RESOURCE UTILIZATION AND SUPPLY

NEW MEASURES TO IMPROVE SUPPLY REVEALED

Moscow EKONOMICHESKIYE NAUKI in Russian No 3, Mar 81 pp 81-86

[Article by V. Yefimov, doctor of economic sciences: "Innovation in the Organization of Material and Technical Supply"]

[Text] The conclusion of the transfer of the country's economy to the path of intensification of public production is among the most important tasks of the 11th Five-Year Plan. The accomplishment of this task largely depends on the activity of the sphere of circulation and primarily on material and technical supply for industry, construction, agriculture, transport, the nonproduction sphere and the entire national economy.

The implementation of the decree adopted by the CPSU Central Committee and the USSR Council of Ministers on 12 July 1979 "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality" has a considerable effect on the fulfillment of the assignments of the 11th Five-Year Plan.

Improvement in the Planning of Material and Technical Supply

The statewide system of material and technical supply formed and improved in accordance with the decisions of the September (1965) Plenum of the CPSU Central Committee played an important role in the accelerated development of productive forces. During the Eighth, Ninth and 10th five-year plans the gross national product of the USSR increased more than 2.3-fold and the national income used for consumption and accumulation, 2.1-fold, the fixed productive capital of all national economic sectors tripled, industrial output increased 2.6-fold, including the production of consumer goods (group "B"), 2.4-fold, and gross agricultural output increased 1.5-fold. Of course, it is also possible to cite many other figures characterizing the steady progress in production in the mature socialist society. The results of activity of the material and technical supply sector, which is the organizer of planned production relations between the enterprises that produce and the enterprises that consume means of production, are also materialized in this dynamic economic development.

The concentration of supply and sales activity in a specialized national economic sector is an important qualitative characteristic of the economy of mature socialism. Recent party congresses and other party documents adopted on the basis of their decisions have formulated the principles of the economic policy in the sphere

of circulation, which is to ensure an organization of rational economic relations, a planned sale of the national product and an organization of a rational utilization of material resources in the national economy.

The further development of the statewide system of material and technical supply is based on the use of the object program approach to the solution of key problems in the sale of the national product, primarily to a rational utilization of raw materials, supplies, fuel and power. The further concentration of supply and sale activity contributes to a more rapid growth of production and rationalization of the infrastructure of the national economy (improvement in warehousing and packaging services, refinement of the methods of freight transportation and reduction of losses during the transportation, storage and processing of material resources). As a result, production and distribution costs and the material intensiveness of output are reduced.

The section "material and technical supply" is introduced into national economic plans as of the 11th Five-Year Plan. This reflects the new approach to understanding the place and role of the sphere of distribution in the planned socialist economy. As we assume, such an approach makes it possible to consider the activity in the sale of the created product, as well as in the continuation of the process of production in the sphere of distribution, an independent area of public production. Hence the new interpretation of the planning of material and technical supply--not merely as a form of distribution of resources, but as a certain branch of activity capable, first, of augmenting the resource potential and, second, of organizing its better utilization so that the rates of growth of production of the end product may be high and the volumes of the intermediary product may be increased at comparatively low rates.

Thus, a qualitatively important characteristic of the sector of material and technical supply in socialist expanded reproduction lies in the fact that it serves the formation of the material base for the intensification of public production in a resource saving form. In other words, the product of activity of the sector of material and technical supply lies not only and not so much in transferring the use value for production and technical purposes from the producer to the consumer as in obtaining an additional final effect from the utilization of the same material resources. This function is realized by a prompt removal of obsolete equipment from production and by the fact that inefficient materials are withdrawn, while advanced, new ones are supplied in a greater quantity, and expensive imported materials are replaced on the basis of a prompt organization of the production of their analogs in our country.

The introduction of the system of five-year and long-term plans for material and technical supply is a qualitatively new factor resulting from the decree dated 12 July 1979 of the CPSU Central Committee and the USSR Council of Ministers. On the basis of this the competence of material and technical supply now also includes the solution of the problem of the sources of the material resources themselves and of the systematic reorganization of the structure of their production and consumption. In essence, the new procedure of planning material and technical supply introduced by the indicated decree makes it possible to expand to the fullest degree the sector's activity in ensuring the reproduction of material resources

and, at the same time, is directed toward an increase in the efficiency of their utilization, saving and reduction in material intensiveness. This eliminates the lack of correspondence between the need at each specific stage in economic development to fully meet the growing and rapidly changing demands and the capabilities of the supply sector to affect the formation of the necessary resource potential.

Practice shows that there are many difficulties in the process of meeting the needs of the national economy, primarily because analytical work on the study of the tendencies in the change in the structure of material consumption has not been done and the appropriate measures to promptly change the structure of production and consumption of material resources have not been taken. Hence the emergence of certain situations in which even the existing capacities for the output of advanced, new articles could not be fully loaded, only because the sphere of processing of these new materials was not prepared properly. For example, capacities for the output of thin-wall metal structures and floors were established on a wide front at the end of the 1960's and the beginning of the 1970's, while the plans for the construction of projects for industrial and civil purposes envisaged primarily the use of reinforced concrete structures. Therefore, in 1970-1979 the use of advanced wooden structures and parts (including parts from glued wood) increased by only 1 percent, of metal structures, by 31 percent and of precast reinforced structures and parts, by 51 percent.

In accordance with the new system of planning the sphere of material and technical supply appears as a sector not only reflecting, but to a certain extent forming the consumer's combined needs, under the effect of which the structure and volume of production are. It is well known that in accordance with the decree dated 12 July 1979 of the CPSU Central Committee and the USSR Council of Ministers sales organizations do preliminary work on the determination of the list (assortment) of products for the conclusion of long-term economic contracts. Production and consumption are coordinated in 5-year material balances, which make it possible to mate the changes in the structure of needs with the structure of production.

In the economic literature and, moreover, in practice sometimes the relationship between production and consumption was interpreted incorrectly, as though consumption and needs should be adapted to production. In reality, however, the situation should be the reverse. This is due to the effect of the law of increasing needs, as well as to the fact that production is carried out on the basis of a plan, whose initial point is, first of all, the determination of needs, toward the satisfaction of which production development is directed. The attention of planning bodies and economic organization was especially drawn to this fact at the October (1980) Plenum of the CPSU Central Committee. In this connection the plan balance acquires a qualitatively new content. The long-term practice of planning "according to the base" led to the fact that the interests of producing enterprises dominated over the interests of consumers. As of 1981 the plan is based on national economic needs. In this connection there is the problem of accurately calculating the latter according to specific types of material resources.

It should be noted that, when determining needs, the customer has the opportunity to overestimate them in order to advocate higher volumes of allocations for material resources before planning and supply bodies. Such an approach leads to the fact that, even after the overestimated need is corrected, tasks that are almost too difficult are set for production. Only a significant improvement in economic

work can ensure the detection of objectively determined needs. The practice of socialist management has already revealed the methods that contribute to a significant improvement in the determination of the needs of the economy. In this respect of special value is the experience in the extensive use of the method of functional cost analysis of the consumer properties of articles produced at the enterprises of the USSR Ministry of Electrical Engineering Industry. Such an analysis makes it possible to reveal the hidden losses of material resources, which remain outside the field of vision even when technically substantiated norms of expenditure of material resources are determined. The point is that norms passively reflect the design characteristics and technology of produced articles, while the functional cost analysis, taking into consideration the real function of the latter and the way they actually correspond to this function, also includes the alternative approach, which leads to a change in the designs of articles, which means in the structure of consumption of materials. For example, at a number of enterprises of the Ministry of Electrical Engineering Industry on the basis of the functional cost analysis it was possible to take measures reducing the material intensiveness of articles to one-half or one-third. The use of this method at the ministry's enterprises became possible, because activity was evaluated according to normative net output, that is, the way it will be in all industrial sectors during the 11th Five-Year Plan, not according to the volume of sold output.

The transfer of industry and construction to the new indicators of planning increases the interest of enterprises in lowering the material intensiveness of articles. The introduction of the statute in which the price of an article also remains unchanged when the enterprise lowers its material intensiveness operates in the same direction. Indicators characterizing the activity of enterprises in the sphere of circulation have also been changed. The establishment of the indicator of evaluation of the efficiency of work in accordance with the fulfillment of plans according to contracts and orders instead of the indicator of commodity turnover creates interest on the part of material and technical supply bodies in ensuring prompt and complete deliveries of supplies, raw materials and fuel.

Especially great changes in the activity of the bodies of the statewide system of material and technical supply are connected with the strengthening of the function of control over the utilization of material resources. The decree of the CPSU Central Committee on improving metal utilization on the basis of the introduction of low-waste technology of metal processing drew attention to the need to make such control stricter. In accordance with this the network of the Main State Inspectorate for Checking the Utilization of Material Resources in the system of the USSR State Committee for Material and Technical Supply was expanded considerably. This will make it possible not only to greatly increase the number of checks, but to improve their quality as well. There is an urgent need to develop measures to determine the efficiency of control over the utilization of material resources and to establish a system of material incentives for the workers of the inspectorate, as well as for specialists of ministries, departments, scientific research institutions and institutes enlisted in inspection activity.

Extensive work is done on the determination of the indicator characterizing the end product of the material and technical supply sector. Critically evaluating the indicator of the sale of goods (trade turnover), the sector's specialists stress the importance of utilizing the indicator of normative net output in combination with the indicator of fulfillment of the list of the delivery plan according to contractual obligations.

Material and technical supply bodies face the crucial task of a better utilization of commodity stocks. The volume of such stocks grows constantly. Whereas in 1965 the amount of circulating capital in commodity stocks comprised 55.7 percent of the annual volume of the produced national income, in 1979 it comprised 68.4 percent. In other words, in 1979 per ruble of the national income the circulating capital accumulated in stocks amounted to 12.7 kopecks more than in 1965 (despite the fact that the data are presented in current prices, comparability is ensured, because a relative amount in terms of the level of the produced national income is taken). If this index had been invariable and had been retained at the 1965 level, in 1979 the national economy would have needed 55.7 billion rubles of stocks less than they actually were. The increase in stocks is due to a reduction in the rate of circulation of circulating capital. Meanwhile, the release of the unnecessary resources accumulated in stocks alone would make it possible to produce additional gross national product worth more than 110 billion rubles.

New indicators for the saving of key types of material resources, including such as the coefficient of metal utilization--the basic structural material in machine building--are introduced as of 1981. The assignment for an increase in this coefficient in combination with the planned assignment for a reduction in material intensiveness makes it possible to shift the center of gravity of the management of the policy of economy to the final indicators of the level of consumption efficiency.

The examination of the causes of the significant losses of metal at machine building enterprises conducted by the State Committee for Science and Technology has shown that the assignments for an average reduction in the norms of expenditure of rolled metal established at them are greatly exceeded by the additional expenditures of castings, as well as other types of metal products, whose expenditure is not planned centrally. There is the same situation with the utilization of fuel and power resources. A check of a number of major enterprises of power intensive production sectors (of metallurgy, chemistry, petrochemistry and production of building materials) shows that the ponderable saving of fuel and power resources is real. In this connection the implementation of the decree of the CPSU Central Committee on improving the practice of utilization of secondary fuel and power resources at the enterprises of the metallurgical, chemical and petrochemical sectors of industry plays an especially important role.

Greater attention to social aspects during improvement in the system of material and technical supply has become an important innovation in the work of the USSR State Committee for Material and Technical Supply. During the 10th Five-Year Plan the USSR State Committee for Material and Technical Supply together with the All-Union Central Trade Union Council held an all-Union public review of the rational utilization of raw materials, supplies and fuel-power resources. A total of 15.8 million proposals for an improvement in the utilization of resources were submitted in 1976-1979. The realization of these proposals made it possible to obtain an economic effect of 14 billion rubles and to save a considerable amount of fuel, electric power, metal, timber and cement. As a result of the saving of material resources additional consumer goods worth more than 1.5 billion rubles were produced.

Advanced Forms of Supply for Industry and Their Development

The transfer of all enterprises to long-term direct economic relations is the central problem in the improvement in the organization of material and technical supply for industry. The possibility for their general introduction is determined by the fact that the five-year plan becomes the basic type of plan. The establishment of long-term direct economic relations on the basis of the conclusion of economic contracts for the delivery of products for a period of no less than 5 years sometimes encounters certain difficulties, because delivery discipline is still low at a number of enterprises. In this connection practical experience has been taken into consideration and certain privileges have been established for a number of sectors. A bonus is fully paid to their workers even when the assortment plan of deliveries is fulfilled less than 100 percent, but within the limits of the established deviations (as a rule, at the level of 3 to 4 percent). This temporary measure makes it possible to provide incentives for the collectives that for reasons not depending on them were unable to fit into the established list plan for the deliveries of products. Under existing conditions these deliveries are often difficult owing to disruptions in transport services. Such disruptions are largely connected with the fact that cross and other inefficient hauls are frequent. In the last few years the increase in the transport volume has also been due to the fact that the transportation of coal in raw form has risen sharply and this requires an increase of 30 to 40 percent in the means of transport used. The existing practice of nonoverall construction of production capacities in a number of industrial sectors, in particular in ferrous metallurgy, also operates in this

In connection with the transfer of industry to long-term direct economic relations the role of the bodies of the USSR State Committee for Material and Technical Supply in ensuring primarily the deliveries of more efficient types of industrial products is enhanced. In accordance with the Statute on the USSR State Committee for Material and Technical Supply it was entrusted with promptly removing obsolete equipment and inefficient materials from production. Since in long-term direct economic relations the supplier makes contact with the consumer, bypassing intermediaries, material and technical supply bodies have free time to increase their control over an improvement in the structure of material consumption. An expansion of the analytical work of supply bodies provides the material necessary for a substantiation of the increase in the capacities for the production of necessary products. The decree dated 12 July 1979 of the CPSU Central Committee and the USSR Council of Ministers especially stipulates that material and technical supply bodies submit their proposals to the USSR State Planning Committee on "undoing" the bottlenecks in the national economic plan as a result of the implementation of additional measures for an expansion of the output of scarce products and replacement of traditional materials with more efficient, new ones. The possibilities there are great, because the USSR State Committee for Material and Technical Supply deals not with generalized use value, but with its specific varieties. For example, Soyuzglavpodshipnik examines the problem of providing consumer enterprises with bearings with due regard for the entire list of these articles (on the order of 16,000 items). At the same time, it becomes possible to recommend the replacement of expensive and scarce bearings with other, less scarce types (for example, imported bearings with domestic ones). Planning and technological bureaus operate under Soyuzglavpodshipnik. In accordance with consumers' orders they develop plans for the replacement of scarce bearings with more efficient types providing an annual saving of about 0.5 million rubles.

The bodies of the system of material and technical supply also do extensive work on uncovering potentials for the further utilization of machinery and equipment, whose safe life has been exhausted. For example, the Administration for Intersectorial Relations and Supply of Products for Machine Building annually draws into the economic turnover more than 20,000 units of machine tool equipment for nonmachine building sectors, which lowers the need for it to a significant degree. Supply bodies have greatly expanded their activity in drawing secondary resources as well as commercial waste, for example metal without further remelting, into the economic turnover. In 1978 such metal was utilized in the volume of 400,000 tons.

The USSR Council of Ministers adopted a special decree on an expansion of services offered by material and technical supply bodies. This decree envisages a significant improvement in the utilization of material resources owing to their fuller preparation for immediate productive consumption. In many of the country's regions warehouse deliveries account for 20 to 25 percent of the total volume of sold output for production and technical purposes. This means that it is possible to create production capacities, at which on consumers' orders further industrial processing of metal and building materials would take place. The expansion of transport services is of special importance. It is not only a matter of a better utilization of transport, but also of saving the expensive time of consumers and shortening the time of circulation of material resources.

The development of the service system is organically connected with an expansion of the leasing of equipment and instruments. In particular, as a result of such an expansion the coefficient of utilization of scarce scientific equipment rises from 0.2 to 0.75. Of great importance is the development of an advanced form of trade services in providing scientific research institutions with materials.

Overall Supply of Building Production. Development of Cost Accounting Relations in the System of Material and Technical Supply

In accordance with the decree dated 12 July 1979 of the CPSU Central Committee and the USSR Council of Ministers of special importance are the problems of overall supply of materials for building production through territorial material and technical supply bodies. The main characteristic lies in the fact that putting finished construction projects or their big stages into operation, not the volume of utilized capital investments, becomes the criterion of evaluation of the activity of construction organizations. The accumulated experience in the transfer of construction to the new conditions of management shows that overall supply for building production justifies itself. With such work organization material and technical supply bodies enable construction organizations to concentrate their efforts on performing engineering and technological operations and they undertake all the functions for the realization of the allocations of construction organizations. Overall guaranteed supply through territorial material and technical supply bodies makes it possible to sharply raise the technical level of supply activity and to concentrate attention on a prompt and operative solution of the problems of providing construction with cement, timber, chemical materials, pipes, rolled metal and so forth. The role of *soyuzglavkomplekty*--organizations called upon to ensure the deliveries of equipment, cables and other accessory articles--operating in the system of the USSR State Committee for Material and Technical Supply is increasing.

The complexities of the new form of supply lie in the fact that, in practice, the needs for materials are not calculated in existing estimates. Therefore, planning organizations, when developing estimated and planning documents, should make calculations for materials. At the same time, material and technical supply bodies will be able to critically evaluate the indicated need and after the appropriate correction to embark on material and technical supply for a construction project.

In particular, the expert examination of standard plans made on the initiative of the Belorussian Republic Committee for Rational Utilization of Material Resources of the Scientific and Technical Society together with the republic's State Committee for Construction Affairs points to the great potentials for reducing the material intensiveness of construction projects. The check has shown that the needs for material resources in these plans have been overestimated for certain materials by 25 to 30 percent. This has occurred, because technically backward construction solutions have been envisaged in a number of plans.

According to our estimates, the interaction of material and technical supply bodies with planning organizations, as well as with sectors producing building materials, and directly with construction projects will make it possible to shorten the investment period at first by 1.5 to 2 years and then by 2 or 3 years.

Cost accounting has not been developed sufficiently in the sphere of circulation. During the 11th Five-Year Plan it will become much more widespread, will be freed of many conventionalities and will become an important lever in improvement in the quality of work of material and technical supply bodies, as well as enterprises for the delivery of products for production and technical purposes. The role of economic levers, primarily prices, rates, markups and discounts, is increasing.

As is well known, new wholesale prices and rates for individual types of industrial products will be introduced in January 1982. At the same time, provision is made for a more diverse utilization of the method of incentive price increments for new types of highly efficient products. The period of effect of these increments is 1 year and for especially complicated products, up to 2 years. The amount of such increments ranges from 0.5 to 1.25 of normative profitability. In this connection the activity of material and technical supply bodies in the delivery of advanced types of products will have a significant effect on the cost accounting results of work of industrial enterprises. It is especially important to take this into consideration, because, if an article is awarded the state Badge of Quality, the indicated increments are retained for 4 or 5 years. Hence the increased cost accounting interest of industrial enterprises in an efficient interaction with material and technical supply bodies, which ensure the delivery of high-quality products to consumers.

The activity connected with the removal of obsolete products from production included in the functions of the USSR State Committee for Material and Technical Supply will have a direct effect on the economic results of the work of industry, because a wholesale price reduction at the rate of 50 percent of the amount of profit obtained from the sale of products in the second category and uncertified products is introduced for such products and on the expiration of the period of their removal from production the wholesale price reduction will be equal to the full amount of profit. In other words, the activity of the USSR State Committee for Material and Technical Supply connected with the renewal of the assortment of delivered products receives a firm economic base.

Another important innovation, which will characterize the cost accounting activity of the USSR State Committee for Material and Technical Supply, will be the introduction as of 1982 of a system of markups on products delivered to construction and installation organizations as overall guaranteed supply in accordance with their need determined by plans and estimates. Such markups will stimulate construction organizations to determine the volume of needs in the plan and estimate in strict accordance with specifications and to avoid an overestimate of these needs, otherwise they will have to pay certain sums as increments on the warehouse markups on products. The introduction of markups on transit deliveries of products provided enterprises are on guaranteed overall supply with territorial material and technical supply bodies is no less important. The introduction of new prices for services is also fundamentally important. At the same time, prices will directly depend on the socially necessary labor expenditures in the sector on the development of a given product. In order to increase the interest of material and technical supply bodies in lowering the wholesale prices of industrial products, it is proposed that the markups on goods sold through the system of the USSR State Committee for Material and Technical Supply be established in rubles per physical unit of measurement, not in percent of the current price. Such an approach makes it possible to greatly lower the need of the sector's enterprises for their own circulating capital. Accordingly, the level of profitability rises and cost accounting is strengthened in the sphere of material and technical supply. A new system of calculations for a centralized delivery of goods to consumers is also introduced. In this case the f.o.b. consumer's warehouse markup is taken as the basis (the experiment on the calculation of such markups will be conducted in the Mongometallosnababyt Association in January 1982).

An innovation in the organization of cost accounting in the material and technical supply sector also lies in the fact that an advanced form of material and technical supply based on strengthening the consumer's influence on the producer and on strengthening ruble control for prompt deliveries of products to consumers in accordance with orders and economic contracts appears as the internal economic basis for cost accounting. The creation of economic incentive funds is made dependent on the fulfillment by enterprises of orders and economic contracts for the deliveries of products for production and technical purposes.

The fact that the final result of the work of material and technical supply bodies during the 11th Five-Year Plan is made dependent on the efficiency of work of large territorial production complexes, whose material supply is entrusted to the system of the USSR State Committee for Material and Technical Supply, is a very important innovation in the organization of cost accounting. Positive experience has been accumulated in material and technical supply for the Kama Motor Vehicle Plant, as well as the zone of the Baykal-Amur Trunk Line, the Tyumen' Territorial Production Complex and so forth.

Whereas during previous years cost accounting in material and technical supply, essentially, was conventional and was directed only toward quantitative indicators, during the 11th Five-Year Plan the cost accounting of enterprises in the sphere of circulation is directed toward final results, intensification of public production and a rational and economical utilization of material resources in the national economy.

COPYRIGHT: Izdatel'stvo "Vysshaya shkola", "Ekonomicheskiye nauki", 1981

11,439

CSO: 1820/150

REGIONAL DEVELOPMENT

RSFSR GOSPLAN CHAIRMAN STATES FIVE-YEAR PLAN TARGETS

Moscow PLANOVYE KHOZYAYSTVO in Russian No 3, Mar 81 pp 76-86

[Article by Deputy Chairman of the RSFSR Council of Ministers and Chairman of RSFSR Gosplan N. Maslennikov: "The National Economy of the RSFSR During the 11th Five-Year Plan"]

[Text] The economy of the RSFSR is entering a new stage of its development. The implementation of the extensive system of measures, which are called for by the Main Directions of USSR Economic and Social Development for 1981-1985 and the Period to 1990, will be a major step in the direction of the building of a communist society in our country.

In the Main Directions--a document of enormous political, theoretical and practical importance--the practice of building communism in the USSR is creatively generalized, the experience of other socialist countries is taken into account and the economic strategy and tactics of the CPSU at the present stage are embodied. The tasks of the new five-year plan define more precisely the most important provisions of the long-range economic policy of the party as applied to present conditions and serve the achievement of the highest goal of the development of socialist society--the comprehensive and complete meeting of the material and cultural needs of the Soviet people and the utmost increase of their well-being.

The 26th Congress of the Communist Party of the Soviet Union specified a program of actions for the 11th Five-Year Plan and the period to 1990 and outlined the ways and means of achieving the indicated goal. The solution of social problems is founded upon a firm economic basis, on the implementation of the economic policy. In the Accountability Report of the Central Committee to the party congress, General Secretary of the CPSU Central Committee L. I. Brezhnev noted: "Each sector is faced with its own urgent tasks and specific problems. But there are problems which embrace all spheres of the national economy, and the main one of them is to complete the changeover to a primarily intensive path of development.

"The intensification of the economy and the increase of its efficiency, if we put this formula into the language of practical affairs, consist first of all in the fact that the results of production should increase more rapidly than the expenditures on it, that, in committing comparatively less resources to production, it would be possible to achieve more."¹

1. PRAVDA, 24 February 1981.

During the years of the 10th Five-Year Plan the economic, scientific and technical potential of the RSFSR increased considerably. The program of economic and social development and the increase of the material well-being and cultural level of the Soviet people, which was elaborated by the 25th CPSU Congress, was successfully implemented.

The gains made in all the sectors of the national economy of the republic made it possible not only to increase the output of the most important types of products, but also to carry out the qualitative reorganization of production, to achieve advanced structural shifts in the economy and to prepare the ground for its further intensification and the increase of the efficiency of all economic work. Machine building, the chemical, petrochemical and gas industries and other sectors, which govern scientific and technical progress, were developed at a leading rate.

The consistent implementation of the agrarian policy of the party was continued. The material and technical base of agriculture of the RSFSR was strengthened. The plan of the transformation of the Nonchernozem Zone was implemented. The kolkhozes and sovkhozes of the republic during the 10th Five-Year Plan as compared with the past five-year plan, in spite of the adverse weather conditions, increased the average annual amounts of agricultural output.

An extensive program of capital construction was implemented. All types of transportation and communications underwent further development.

A new major step was taken in the solution of social problems. The real income of the population increased. The housing conditions of millions of Soviet people were improved. Significant gains were made in the area of science, education, culture, public health, physical culture and sports.

As a whole the results of the past five-year plan attest that the republic made progress in all the directions of economic and social development. The achieved gains are making it possible to solve even greater problems.

In the Main Directions of USSR Economic and Social Development for 1981-1985 and the Period to 1990 it is noted that the forthcoming five-year plan will be a new major stage in the creation of the material and technical base of communism, the strengthening of social relations and the formation of the new man.

In the 1980's the Communist Party will consistently continue to implement its economic strategy, the highest goal of which is the steady increase of the material and cultural standard of living of the people and the creation of the best conditions for the comprehensive development of the individual on the basis of the increase of the efficiency of all social production, the growth of labor productivity and the increase of the social and labor activeness of the Soviet people.

The 11th Five-Year Plan, the main goal of which is the assurance of the increase of the well-being of the Soviet people on the basis of the steady, progressive development of the national economy, the acceleration of scientific and technical progress and the changeover of the economy to the intensive path of development, the more efficient use of the production potential of the country, the utmost saving of all types of resources and the improvement of work quality, is a crucial stage in the achievement of these long-term goals.

The solution of the social and economic problems raised by the party presumes the further growth of the national economy of the RSFSR and the assurance of its proportionate development. The already established role of the republic in the all-union division of labor as the most important supplier of the products of the extractive and processing sectors of heavy industry will have an influence on the nature of the rate and proportions of social production of the RSFSR--a part of the unified national economic complex of the country.

The most important tasks of industry are the more complete meeting of the needs of the national economy for means of production and of the population for consumer goods, the increase of product quality and the intensification of production on the basis of utmost utilization of the achievements of scientific and technical progress.

On the basis of these tasks the output of industrial products of the RSFSR during the 11th Five-Year Plan should be increased by 24-27 percent. At the same time machine building, the gas, chemical and petrochemical industries will undergo accelerated development.

It is planned to increase the generation of electric power in 1985 to 950-970 billion kWh, and the increase of the generation of electric power in the European part of the republic will be provided mainly by nuclear electric and hydroelectric power stations. During the new five-year plan the capacities at the Balakovskaya, Kalininskaya, Kurskaya, Rostovskaya and Smolenskaya AES's and the Cheboksarskaya and Nizhnekamskaya GES's have to be put into operation.

The construction of large GES's with allowance made for the complete utilization of water power resources will be continued on the rivers of Siberia and the Far East. Here the construction of the Sayano-Shushenskaya GES on the Yenisey will basically be completed, the construction of the Boguchanskaya GES on the Angara will be launched, the first units of the Bureyskaya GES will be put into operation and the construction of the Kolymskaya GES-1 will be completed. Thermal electric power stations, which first of all use the coals of the Kansk-Achinsk basin, as well as the natural and casing-head gas of the deposits of Western Siberia, will be built at a stepped-up pace in the eastern regions, which are rich in fuel resources. In this connection it is planned to put into operation the capacities of the Berezovskaya GRES No 1 and the Surgutskaya GRES's. The first units of the Kharanorskaya GRES will also provide current and the construction of the Gusinozerskaya GRES in Eastern Siberia will be completed. In the Far East the first section of the Neryunginskaya GRES will be turned over, the first units of the Yakutskaya GRES-2 will be put into operation and the construction of the Primorskaya GRES will be completed.

The supply of power to the important industrial zones of the republic by means of the broadening of interrepublic relations will be improved on the basis of the further development of the Unified Power System of the country. The first sections of the Ekibastuz-Center and Ekibastuz-Urals electric power transmission lines will be put into operation.

The production of petroleum, including gas condensate, in the RSFSR in 1985 will come to 560-580 million tons. The faster development of the oil drilling industry in the regions of Western Siberia and in the northern section of the European part

of the republic is planned. The use of an advanced technology of working new deposits and influencing petroleum beds for the purpose of the greater extraction of petroleum from the ground will be expanded. Measures on the increase of the efficiency of the use of petroleum--the intensification of its refining and the reduction of the losses of petroleum and petroleum products--have to be implemented.

Great tasks face the gas drilling industry of the republic. Thus, in 1985 it is planned to obtain up to 420-460 billion m³ of gas. Western Siberia will become the main region of production (330-370 billion m³). The formation of an industrial complex for the production and treatment of gas and condensate on the basis of the Astrakhan' gas condensate deposit will start during the new five-year plan.

The increase of the proportion of natural gas and hard coal in the fuel balance will be characteristic as a whole of the development of the sectors of the fuel and power complex of the RSFSR. In coal mining the most efficient open-cut method, first of all due to the Kansk-Achinsk, Kuznetsk, Southern Yakutsk and other basins of the eastern regions of the republic, will be developed at a leading rate.

During the 11th Five-Year Plan the development of ferrous metallurgy will be ensured mainly by the radical improvement of the quality and the increase of the output of efficient types of metal products. During the five-year plan the output of rolled ferrous metal products will increase by 12-14 percent. New capacities at the Cherepovets Metallurgical Plant and the first section of the Oskol Electrometallurgical Combine will be put into operation. The production of high-grade steels will undergo priority development, the capacities of the continuous teeming of metal and powder metallurgy and for the output of rolled products, especially sheet metal, will be increased. The expansion of the production of heat-treated rolled products, sheet and rolled products with effective strengthening and protective coatings is called for.

In nonferrous metallurgy aluminum, copper, zinc, lead, nickel, vanadium, tungsten and other highly efficient types of products will be produced at an accelerated rate. For this sector during the 11th Five-Year Plan and especially in the future it will be necessary to concentrate efforts on the development of the raw material base of the production of nonferrous metals in the northern and eastern regions of the republic, first of all the Kola Peninsula, the northern part of Krasnoyarskiy Kray and the zone of the Baykal-Amur Main Rail Line. The intensification of the complete utilization of the ores of nonferrous metals will also make it possible to increase the output of products of the sector.

In the chemical industry the leading growth of the production of synthetic materials--plastics and synthetic resins (polyethylene, polyvinyl chloride, polystyrene) and chemical (especially synthetic) fibers--will continue. The production of mineral fertilizers will increase 1.3-fold. The output of synthetic rubber, household chemical products, addition agents and additives for plastics and rubber stocks will be expanded.

The RSFSR has the necessary resources for maintaining, and for synthetic products for enhancing, its role as the leading supplier of the most important chemicals. During the new five-year plan much attention is being devoted to the development of the chemical industry of the eastern regions of the republic, first of all Western and Eastern Siberia. In particular, capacities will be put into operation at the Tobol'sk Petrochemical Combine and the Tomsk Chemical Plant.

Machine building is playing a key role in the development of the national economy of the republic. The production of forge and press lines, more improved machine tools, robots and other advanced technology will be increased in the sector at an accelerated rate. In machine tool building, with a decrease in 1985 as compared with 1980 of the total number of machine tools produced, a considerable increase of the production of automatic and semi-automatic machines, machine tools with numerical control, special, standard-unit, heavy-duty, unique and high precision machine tools is planned.

The extensive adoption of metal- and labor-saving technology (extrusion, stamping, rolling, welding and others) is envisaged for the purpose of increasing the efficiency of machine building. The new technology of working metal and the improvement of the quality of the metal products being used by the sector will make it possible during the five-year plan to reduce the specific consumption of metal.

During the 11th Five-Year Plan the construction of the production facilities of the second section of the Volgodonak Atomnash Plant will be completed, capacities will be put into operation at the Abakan Railroad Car Plant and the Novocherkassk Electric Locomotive Plant, the renovation and expansion of the Kolomna Diesel Locomotive Plant, the Bryansk Machine Building Plant imeni 50-letiya SSSR and the Penza Diesel Plant will be completed. The construction of electrical equipment plants will be continued in Minusinsk.

In the sectors of the timber complex, as before, the improvement of the use of raw materials and an orientation toward the increase of the output of the most valuable products--paper, cardboard, wood-particle and wood-fiber board and plywood--remains the main direction. The steady increase of the production volumes of the sectors of the complex with relatively stable amounts of logging attests to the intensification of this direction.

The planned retooling and renovation of the Kondopoga, Kama, Novaya Lyalya and Svetogorsk combines and the Syktyvkar Timber Industry Complex will promote the more complete meeting of the need for paper.

The increase of the production and the improvement of the quality of goods for meeting the demand of the population are regarded as the chief task of all the sectors of industry, all enterprises and organizations. This should become a topic of particular concern of all party, soviet and economic organs of the republic.

During the new five-year plan an increase of the production of consumer goods is envisaged in the light and textile industries of the RSFSR. Thus, in 5 years it is planned to increase the output of fabrics by 13 percent and of knit goods by 1.2-fold. Here the production of high quality items having an increased demand, first of all various types of cotton, wool, silk and linen fabrics, items made from them, knitted underwear and outerwear, hosiery and drapery items, fur headwear, artificial fur and leather will be increased. Particular attention is being devoted to the expansion of the production and the improvement of the quality of children's goods.

The output of cultural, personal and household products, especially technical complex durable goods with improved consumer properties, will increase at a leading rate, their quality will increase. The amount of mass demand goods: household

items, household chemical products, orchard, garden and other tools, spare parts for various appliances and machines, which are used by the population, will be increased considerably. For these purposes the union sectors of industry--the electronic, chemical, aircraft, automotive, metallurgical and others--have to ensure the fulfillment of increased assignments on the output of goods for the population.

It is planned to obtain the increase of the production of consumer goods to a considerable extent by the supply of enterprises with highly productive equipment, the adoption of advanced technological processes, the increase of the degree of supply of raw material resources and the improvement of their use.

The problems of meeting the needs of the population of the RSFSR for foodstuffs during the 11th Five-Year Plan will be solved on the basis of the proportionate development of the agro-industrial food complex, which includes: agriculture, the sectors which process agricultural raw materials and ensure the procurement, storage, transportation and sale of food raw materials and finished products. "It should," L. I. Brezhnev emphasized in the Accountability Report of the Central Committee to the 26th CPSU Congress, "ensure a considerable increase of the output of agricultural produce. It should bring agriculture closer to the sectors which are engaged in the storage and processing of its output. And, finally, to trade. In other words, its goal is to solve in the shortest possible time the problem of the continuous supply of the population with products."²

For these purposes the implementation of the food program is envisaged by the plan for the 11th Five-Year Plan.

Agricultural production is the central link of the indicated program. The development of agriculture of the RSFSR will proceed in the future in the direction specified by the agrarian policy of the party at the present stage, which has shown its vitality.

In 5 years the average annual gross production volume of agriculture of the RSFSR should increase by 12-14 percent, the average annual production of grain will be 134-136 million tons, sugar beets--33-34 million tons, grapes--not less than 1 million tons, meat (in dressed weight)--8.4-8.7 million tons, milk--50-52 million tons, wool--235,000-240,000 tons. The production of sunflower seeds will increase 1.3-fold, vegetables--1.2-fold and potatoes--10-12 percent.

The planned scale of agricultural production will rest on the retooling of the sector and its greater supply with machines.

The further development of reclamation with the simultaneous comprehensive increase of the efficiency of the use of irrigated and drained land is called for. During the new five-year plan 1.55-1.65 million hectares of irrigated land have to be put into use and 1.72-1.82 million hectares of swampy and water-logged land have to be drained.

It is planned to begin the construction of the fourth section of the Great Stavropol' Canal, to continue the irrigation operations in the Kulunda Steppe, to begin the performance of preliminary operations on the transfer of a portion of the

2. PRAVDA, 24 February 1981.

runoff of northern rivers to the Volga basin, as well as to continue the scientific and design studies on the transfer of water of Siberian rivers to Central Asia and Kazakhstan.

The further chemicalization of farming and animal husbandry on the basis of the increase of deliveries of mineral fertilizers, effective means of the chemical protection of plants, as well as chemical feed additives will be an important factor of the increase of the output of products.

A high level of state investments in the development of the sectors of the agro-industrial complex will be maintained during the new five-year plan. At the same time the emphasis will be placed not only on the further increase of agricultural output, but to a greater extent on the improvement of its keeping capacity and processing and the reduction of the losses at all stages of production, storage and sale. This means will make it possible not only to increase the food resources, but also to achieve better end results with fewer expenditures.

The attention toward obtaining a high yield from the additional investments of material and financial resources in the development of agriculture and the sectors related to it will be increased sharply during the current five-year plan. The storage, transportation and application of mineral fertilizers have to be improved substantially, the violations of the technology of procuring fodders, which substantially reduce their food value and adversely influence the increase of the productivity of animal husbandry, have to be eliminated.

The most important reserve of the increase of the resources of agricultural products of the republic is the reduction of their losses. This concerns all the directions of production--grain growing, animal husbandry, vegetable growing, sugar beet growing and others. A significant portion of the losses occur in the process of harvesting the crop. In 1981-1985 it is planned to increase substantially the output and to increase the technical level and productivity of the machines for the completion of the overall mechanization of the main processes of the cultivation, harvesting and processing of cereal crops, sugar beets and flax; the increase of the level of mechanization of the cultivation and harvesting of potatoes, vegetables, fruits and berries, grapes, tobacco and others. As a result the level of mechanization of the harvesting of potatoes by the end of the five-year plan will increase to 85 percent, tomatoes--40 percent, fruits and grapes--20 percent.

During the new five-year plan it is envisaged to improve the organization of road management, which will make it possible to use more efficiently the fleet of tractors and vehicles and to reduce substantially the losses of products during transportation and will create the conditions for expediting the solution of the social problems of the countryside.

The further development of the production equipment base of the sectors of the food industry and the improvement of the technology and completeness of the processing of raw materials and the production of foodstuffs are envisaged for the purpose of the greater keeping capacity of the produced agricultural products and their processing into food products with high food and taste qualities.

A significant increase of the output of food products is planned: sugar--1.5-fold, vegetable oil--1.4-fold, canned fruits and vegetables--1.2-fold. The production of

animal oil should be increased to 740,000-750,000 tons. In the meat industry the production of prepared meats and other ready to use products has to be increased most rapidly.

The implementation of comprehensive measures on the improvement of the operation of all types of transport, first of all rail transport, and the assurance of their development in complete conformity with the needs of the national economy and the population are envisaged during the new five-year plan. By 1985 the Surgut-Urengoy Railroad will be put into operation, train traffic will be opened over the entire length of the Baykal-Amur Main Rail Line. The reequipping and increase of the carrying capacity and traffic capacity of the railroad on heavily traveled routes, as well as the increase of the capacities of stations and junctions will be continued.

The strengthening of the material and technical base and the leading development of common carrier, the freight turnover of which will increase by not less than 1.4-fold, while the passenger turnover of buses will increase 16-18 percent, are being planned in motor transport. The operations on the development of a support network of main highways with improved surfaces, which ensure reliable surface service between large economic regions and population centers of the country, as well as the construction of roads, which connect rayon centers and the central farmsteads of the kolkhozes and sovkhoses of the republic, first of all in the Nonchernozem Zone of the RSFSR, will be actively continued in conformity with the decree of the CPSU Central Committee and the USSR Council of Ministers "On Measures to Improve the Construction, Repair and Maintenance of Roads in the Country."

The material and technical base of river transport, the most important task of which is the complete and timely assurance of the transportation of freight by waterways in the regions of Siberia and the Far East, especially for the enterprises and construction projects of the petroleum, gas and timber industries, non-ferrous metallurgy and geology, will be strengthened considerably. The freight turnover of river transport will increase by 20 percent. Here the work on the changeover of transport from railroads to waterways has to be stepped up. Steps to prolong navigation on the rivers of Russia will be taken.

During the 11th Five-Year Plan it is envisaged to ensure year-round navigation on the western section of the North Sea Lane and the timely delivery of freight to the regions of the Far North and the Far East, the further development and renovation of existing seaports and to begin the construction of the second section of the deep-water port of Vostochnyy.

The further expansion of the network of airports on long-haul and local air routes, to which particular attention will be devoted in the regions of the North, Siberia and the Far East, is also planned.

The accelerated development of pipeline transport, first of all for the delivery of petroleum products, petroleum and gas, and the introduction of continuous and new specialized types of transport—container, pneumatic container, hydraulic and others—are called for.

Means of communication will undergo considerable development: the formation of a unified automated communications network on the basis of the latest data

transmission systems will be continued. The length of long-distance telephone channels and the capacity of urban and rural telephone exchanges will grow, the level of the mechanization and automation of production processes at enterprises of postal communications will increase.

The RSFSR, like our entire country, is rightfully called an enormous construction site. A far-reaching program of capital construction, which is called upon to substantially increase and update the production potential of the republic and to create the necessary fixed capital for the development of the production sphere, should be implemented during the new five-year plan.

The successful fulfillment of the program is being ensured by the increase of the effectiveness of capital investments. The solution of this problem lies in the concentration of assets at start-up projects, the moving up of the dates of their placement into operation, the increase of work quality, the decrease of unfinished construction, the priority allocation of assets and the necessary resources for the retooling and renovation of operating enterprises.

The development in the RSFSR of large territorial production complexes and the increasing proportion of the capital investments, which are being allocated for the development of poorly developed and undeveloped regions of Siberia and the Far East (for example, managements of the Western Siberian and Eastern Siberian economic regions), in the total amount of capital investments for the national economy of the RSFSR are a peculiarity of the regional investment policy.

Nonproduction construction should ensure the combined placement into operation of housing and sociocultural institutions for the purposes of creating a unified social and everyday infrastructure. This will make it possible to attach the population in regions of new development and to provide the promising sectors of the national economy, which are being developed here, with manpower resources. The development of the system of construction and installation organizations, which specialize in the building of housing, municipal, cultural and everyday projects, should promote the solution of the problems facing nonproduction construction. The increase of their capacities should be slightly ahead of the planned amounts of nonproduction construction.

It is proposed to ensure the fulfillment of the outlined construction program by the increase of the technical and economic level of the designs and the improvement of planning and estimate work, the improvement of the contract method of the performance of construction and installation work and the management of construction and of the method using one's own resources, the completion of the changeover of its middle level to cost accounting. The planned increase of the level of industrialization of construction and the considerable reduction of the expenditures of manual labor on the basis of the provision of construction organizations with highly productive machines and machinery and the improvement of their use will also be of great importance.

During the 11th Five-Year Plan the further growth of all the sectors of physical production should be based on the intensification of the effect of intensive factors. This stems first of all from the arising demographic situation, as a result of which in the 1980's the increase of manpower resources is dropping substantially. Moreover, the reserves of a number of minerals in many old, including large,

deposits have been depleted. Taking this into account, it is necessary during the new five-year plan to ensure the most efficient use of manpower, material and financial resources.

It is planned to obtain not less than 85-90 percent of the growth of the national income by the increase of the productivity of national labor. In a number of sectors of industry, in agriculture and construction the increase of production is envisaged by means of the reduction of the labor-output ratio. For these purposes in all sectors the technical equipment of labor will be increased and the number of workers engaged in manual labor will be reduced.

During the new five-year plan the quality of all the types of products being produced has to be increased considerably, the proportion of items of the highest quality category has to be increased.

Measures aimed at the increase of the output-capital ratio, first of all by means of the shortening of the period of assimilation and the improvement of the use of production capacities and the retooling of the operating production apparatus, should be elaborated and implemented.

The efficiency of use of the material resources has to be increased sharply. It is necessary to ensure a saving of fuel and energy resources, rolled ferrous and non-ferrous metal products, steel pipe, lumber and cement, including by the reduction of the rates of consumption.

Given the achieved scale of production in the RSFSR, the questions of the efficient use and reproduction of natural resources are acquiring greater and greater importance. A number of major measures on the assurance of the protection of nature, agricultural lands, the air, watercourses, the animal and plant world should be implemented.

During the coming period particular emphasis is being placed on the accelerated development of science and technology—the main factor of the changeover of the economy to the path of intensive development. It is planned to extend the drafting and implementation of comprehensive scientific and technical goal programs, to shorten substantially the period of the development and assimilation of new technology, to consolidate and increase the efficiency of the contacts of science with production, to change the direction of research and development in conformity with the needs of social development, to improve the training and increase the skills of scientists. It is envisaged to promote in every possible way the development of the mass scientific and technical creative work of rationalizers and inventors.

In all the links of the economy of the RSFSR the intensification of social production during the new five-year plan will rest on the improvement of management and the increase of the level of economic operations, the strengthening of the orientation toward the achievement of better and national economic results.

In 1981-1985 the further increase of the material and cultural standard of living of the population of the RSFSR will occur. The creation of the most favorable working conditions will continue, a number of measures, which are aimed at the increase of the level and the improvement of the pattern of the consumption of material wealth and services, the improvement of housing and everyday conditions and

the increase of the educational and cultural level of the population, will be implemented. Particular attention is being directed here to the development of various forms of the public raising of children and adolescents and to the increase of the quality of the instruction and training of the rising generation.

Along with economic factors, social factors have to be used even more effectively for the development of social production and the growth of the economy, the combination of moral and material stimuli for labor has to be strengthened, their influence on the development of production and the achievement of high end results has to be increased.

In 1981-1985 approximately three-fourths of the national income will be allocated for the purposes of consumption. The convergence of the levels of the wages of workers, employees and kolchoz farmers is planned. The real income of the population will increase.

The dependence of the wage on the end results of production, the efficiency and degree of economy of work will increase. The improvement of the system of the territorial regulation of wages will be continued, which is very important for the provision of the northern and eastern regions and the regions of new industrial development with skilled personnel. During 1981-1985 in the Urals regional coefficients will be introduced in the sectors in which they were previously not used, while seniority raises will also be introduced in the southern regions of Eastern Siberia and the Far East.

An important task of the five-year plan is the more complete satisfaction of the demand of the population for various goods and services. Under these conditions it is envisaged to increase the retail commodity turnover of state and cooperative trade. Its structure will correspond more completely to the material means and the cultural needs of our people. It is planned to expand the sale to the population of high quality goods and new types of cultural and personal items.

It is planned to link housing construction even more closely with the solution of production problems. Such an approach is especially important in the regions of Siberia and the Far East, which are being newly developed, since it promotes the effective development of the national economy and creates the necessary preconditions for the improvement of the working and living conditions of the Soviet people.

During the five-year plan the volume and quality of the personal services being rendered to the population will increase. The equalization of the level of service of the rural and urban population and the decrease of its differences among oblasts, krais and autonomous republics will be continued. Measures on the accelerated development of personal service in the northern and eastern regions, as well as in the rural areas of the Nonchernozem Zone of the RSFSR are called for.

Public health will undergo further development. It is planned to meet more completely the needs of the population for skilled medical service and to improve preventive work and the conditions of the relaxation of workers. For these purposes a large number of hospitals and outpatient polyclinic institutions will be built, the network of vacation homes, holiday hotels and sports centers will be enlarged.

The consistent implementation of a system of measures on the more efficient distribution of productive forces will promote the successful solution of the economic and social problems which face the republic during the new five-year plan. The improvement of the territorial pattern of production, the comprehensive development of economic regions, the rationalization of interregional and intraregional production and economic relations and the increase of the contribution of all the territorial subdivisions of the unified national economic complex to the achievement of national goals will serve as an effective factor in the creation of favorable conditions for the dynamic and proportionate growth of the economy and the increase of the efficiency of the use of the available resources.

An increase of the economic potential of the eastern regions of the country is envisaged. In Siberia it is planned to perform major operations on the development of natural resources and the fuel, power and raw material base. Here the accelerated development of electric power engineering, nonferrous metallurgy, the fuel, chemical, petrochemical, timber, wood processing, pulp and paper and microbiological industries and the construction industry will also be carried out further.

During the new five-year plan an important role is being assigned to territorial production complexes, including the largest of them in northwestern Siberia, as well as the Kansk-Achinsk, Southern Yakutsk and other complexes. Work will be launched on the economic development of the zone which gravitates toward the Baykal-Amur Main Rail Line. Nonferrous metallurgy, the petroleum refining, fishing, timber, wood processing and pulp and paper industries will be developed in the Far East.

For the purpose of the integrated orientation of the economy in the eastern regions the development of the construction base, agriculture, housing, municipal, cultural and general construction will be intensified here.

In the European part of the republic and in the Urals the growth of industry is planned mainly by means of the better utilization of the developed production potential, the renovation and retooling of operating enterprises without an increase of the number of workers. At the same time the location of new power- and water-consuming works and the expansion of operating ones are not proposed in the European regions.

In such very large established industrial centers as Moscow and Leningrad attention will be focused on the renovation and retooling of existing enterprises, with the strengthening of their specialization in the production of items of a high technical level and quality.

The further implementation of the comprehensive program on the transformation of the Nonchernozem Zone into a region of highly productive agriculture and on the development of the sectors of industry connected with it remains an important problem. The construction of apartment houses, roads and sociocultural, municipal and general facilities will be carried out in the zone at a leading rate for the purpose of the more complete consideration of the social factors of the increase of social production.

The progressive changes in the distribution of productive forces will also have important social consequences. The shifts in the territorial structure of social production in favor of the eastern regions are making it possible to meet more

completely and more efficiently the steadily increasing social needs. At the same time the limitation of the further development in the European regions and in the Urals of a number of sectors, which are notable for a high level of the specific consumption of fuel, power and water, will have a positive influence on the state of the air and water basins in industrially developed zones. The prevention of the negative consequences of the excessive concentration of production within the formed large industrial centers is conducive to the creation of favorable living conditions and will make the additional expenditures on the protection and restoration of the environment more effective.

During the 11th Five-Year Plan the national economy of the RSFSR on the basis of dynamic and balanced development will make a worthy contribution to the solution of the far-reaching problems of the building of communism. The five-year plan is aimed at the making of new gains in the increase of the well-being of the Soviet people and in the acceleration of scientific and technical progress and the changeover of the economy to an intensive path of development.

The workers of Russia, like all the Soviet people, are actively fighting for the successful fulfillment and exceeding of the assignments of the first year of the five-year plan and are increasing the gains in the economic and social development of our republic and of the Soviet Union as a whole.

COPYRIGHT: Izdatel'stvo "Ekonomika", "Planovoye khozyaystvo", 1981

7807

CSO: 1820/157

REGIONAL DEVELOPMENT

ESTONIAN PARTY OFFICIAL DISCUSSES ECONOMY

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 3, Mar 81 pp 87-96

[Article by K. Vayno, first secretary of the Central Committee of the Communist Party of Estonia: "Problems of and Prospects for Increase in Production Efficiency in the Republic"]

[Text] The workers of the Estonian SSR under the guidance of the Communist Party are actively fighting for a successful fulfillment of the plans for economic and social development and of the adopted socialist obligations and the attainment of new goals in the establishment of the material and technical base of communism and in the improvement of the people's well-being.

In the fight for the fulfillment of the assignments of the 10th Five-Year Plan the Estonian SSR in the rates of growth of the volume of industrial production reached the level envisaged by Basic Trends in the Development of the National Economy ahead of schedule, attaining an increase of 24 percent in industrial production. As was envisaged, shale chemistry, electrical engineering, instrument making and electronic industries, that is, sectors determining scientific and technical progress, developed in an accelerated way. The output of consumer goods increased considerably, their assortment expanded and their quality improved.

L. I. Brezhnev congratulated party, soviet, trade-union and Komsomol organizations, workers, engineering and technical personnel, scientists, employees and all working people in the Estonian SSR on this labor victory. This is another striking illustration of the tremendous attention paid by our Leninist party to the fulfillment of the adopted plans and obligations by every Union republic.

Systematically implementing the agrarian policy of the party, year after year the republic's workers increase the volumes of production of agricultural products, whose gross production in the public sector rose 21 percent. More meat, milk, eggs and other products were produced than during the past five-year plan. Kol-khozes and sovkhoses obtained an average of 26.2 quintals of grain crops per hectare, that is, 2.2 quintals more than during the Ninth Five-Year Plan.

An extensive capital construction program was fulfilled in the republic during the 10th Five-Year Plan, which made it possible to increase fixed capital 1.3-fold.

The assignments of the five-year plan for an increase in the national income were fulfilled successfully. Its volume increased by 23 percent. The per-capita real income increased more than envisaged by the plan. The assignments for an expansion of retail trade turnover and provision of domestic services for the public were overfulfilled.

The successful fulfillment of the 10th Five-Year Plan is the result of the selfless work of labor collectives and party, soviet, trade-union and Komsomol organizations and of the wide expansion of the mass socialist competition.

Wide masses of workers took an active part in the fight for a successful fulfillment of the assignments of the 10th Five-Year Plan, as a result of which socialist obligations and counterplans were adopted for this period. Their fulfillment was constantly in the center of attention of party, soviet and economic bodies. The annual review of work results and the setting of specific goals for every economic year contributed not only to the supervision of the course of fulfillment of obligations adopted for the 10th Five-Year Plan, but also to the upsurge of workers' creative and labor activity, development of specific measures to eliminate existing shortcomings, improvement in the occupational skills of working personnel and advancement of thousands of workers to frontrunners of socialist production. The competition between labor collectives and allied enterprises in the fraternal republics, strong friendly relations between cities and regions and the fruitful labor rivalry in the socialist competition with workers in fraternal Latvia were of exceptional importance in the exchange of advanced ideas and experience.

On the basis of the decisions of the 25th CPSU Congress the republic party organization concentrated its attention on raising the level of party guidance of economic development. Fundamental problems of economic development and improvement in the party guidance of economic construction and matters of ideological support for the fulfillment of the assignments of state plans were regularly examined at the plenums and meetings of the party and economic aktiv and at the sessions of the Bureau of the Central Committee of the Communist Party of Estonia.

Having discussed the problem "On the Tasks of the Republic's Party Organizations for an Increase in the Efficiency and Quality of Work in Industry Resulting From the Decisions of the 25th CPSU Congress" at the Third Plenum of the Central Committee of the Communist Party of Estonia (1976), the Communist Party of Estonia adopted the policy of increase in the efficiency and strengthening of the intensification of industrial production. The task of improving the manner and method of party guidance of economic development and of ensuring a true party approach to the solution of production and socioeconomic problems was set for party organizations as the most important task. The same problems were examined at the plenum during a discussion of the problem "On Ensuring the Fulfillment of the Capital Construction Program for the 10th Five-Year Plan and on Measures To Improve the Work of Construction Organizations in the Estonian SSR."

Labor collectives in the republic systematically implement the party policy of increasing production efficiency and work quality. As a result of labor productivity growth more than 90 percent of the increase in output was obtained in industry and the entire increase, in agriculture. A reduction in the material intensiveness of industrial output was ensured. The output of products with the state Badge of Quality increased 4.4-fold during the five-year plan.

Developing long-term trends in economic development and measures to ensure the fulfillment of state plans, the Central Committee of the Communist Party of Estonia takes into consideration the specific experience accumulated in the republic. In the last few years the Bureau of the Central Committee of the Communist Party of Estonia has examined problems of economic management and activity of party organizations at the Tallinn Machine Building Plant imeni I. Lauristan in raising the technical level and quality of products and at the Tallinn Production Association of Radio Electronic Equipment in mobilizing the collective for an improvement in the quality of products, of the party committee and management at the Kokhtla-Yarve Shale Chemistry Production Association imeni V. I. Lenin in the organization of the socialist competition for highly productive work and so forth.

Party committees have begun to pay more attention to major, key problems of development of the republic's national economy. They direct labor collectives and primary party organizations toward the maximum utilization of existing potentials and possibilities for the fulfillment of state plans. The development of the fuel and power complex can serve as an example of a successful solution of the major national economic problems worked out in the republic. It was established with the help of many collectives of the fraternal Union republics. For the first time in the world two big electric power stations with a total capacity of more than 3 million kW were built and successfully operate on local cheap fuel--shale. Mining, power and chemical equipment for the utilization and processing of shale was put into operation.

All this made it possible to close small unprofitable electric power stations and to sharply increase the power-worker ratio in the republic's national economy, which was one of the key factors in the growth of public labor productivity. In particular, in industry the consumption of electric power per worker increased from 7,500 kWh in 1960 to 25,600 in 1979. Electric power, whose production is based on the utilization of combustible shale extracted in the republic, meets not only the republic's needs; 55 percent is transmitted to neighboring regions. Preparatory work on the utilization of shale in the production of electric power on a fundamentally new basis (burning of shale with the use of a solid heat carrier) is now being done.

Shale extraction and processing are the specific sectors of industry in the Estonian SSR. During the 10th Five-Year Plan its extraction increased by 2.8 million tons, totaling 31.3 million tons. The share of shale in the republic's fuel balance is 63 percent. About 85 percent of the extracted shale is utilized by electric power stations as fuel. A considerable amount arrives at the chemical shops of the Kokhtla-Yarve Shale Chemistry Production Association imeni V. I. Lenin and the Kiviylil Shale Chemistry Plant, which produce up to 40 types of products necessary for the national economy. The waste from the burning of shale (ash) is used as a raw material for the production of building materials, as well as for the liming of acid soil in the Estonian SSR and other Union republics. In particular, the Narva Building Materials Combine, the largest in the Baltic Region, was built on the basis of ash utilization.

The collective of the Kivimäe Shale Chemistry Production Association is in the vanguard of the socialist competition. It extracted 6 million tons of shale more than envisaged by the assignments of the annual programs for the 10th Five-Year Plan.

Stopping brigades of all mines successfully participate in the competition for the extraction of 1,000 tons of fuel and more in 24 hours. The number of high-speed sinking brigades increased several times. A total of 35 crews of excavators and dumpers exceed the sectorial norms of labor productivity. During the five-year plan a great deal was done to develop the shale industry. A new section of the Oktyabr'skiy Open Pit was put into operation ahead of schedule last year. Such forerunners of shale extraction as Hero of Socialist Labor Aksel' Pertel' and Endel' Paap, as well as Vasilii Ivanov, Eval'd Vakht, Ervin Mavde, Aleksey Boginskiy and many others, made an invaluable contribution to the appropriate completion of the five-year plan by the republic.

Fuel and power enterprises in the Estonian SSR have accumulated practical experience in the overall utilization of combustible shale in the national economy. Measures to further increase the efficiency of shale extraction and processing have been envisaged in the republic. The Bureau of the Central Committee of the Communist Party of Estonia approved the basic trends in the development of the republic's fuel and power complex worked out by the republic's State Planning Committee, the Estonian SSR Academy of Sciences, the Estonian Main Administration of Power and Electrification, the Estonians Association and shale chemistry enterprises, which then became the subject of a business discussion at the Plenum of the Central Committee of the Communist Party of Estonia. They reflect the tasks of building new capacities for shale extraction and keeping existing ones in working condition; developing power engineering; retooling shale processing facilities; utilizing secondary products in the national economy; protecting the environment and improving the social and general conditions of workers. Thus, it can be said that a long-term program for the development of shale extracting, power and shale chemistry sectors of industry has been developed in our republic and will be made more specific during the elaboration of the next five-year plans.

Estonia's miners should do extensive work on the accomplishment of the tasks for an increase in the production of fuel and a rational utilization of natural resources, which face us now and will face us in the future. With due regard for the depth of occurrence of the shale bed and the need to retain the covering layers it will be necessary to expand shale extraction by the underground method. Work on the use of mechanized complexes ensuring a complete removal of the bed at mines will be done during the 11th Five-Year Plan. When positive results of experimental work are obtained, conditions will be created for an improvement in the technical and economic indicators of shale extraction and a reduction in its operating losses by two-thirds, which will make it possible to establish a basis for the use of this technology at new mines.

Experimental work is also to be done on a selective removal of the shale bed at open pits, which will require powerful ripper bulldozers and pneumatic wheel loaders. When positive results are obtained, a significant reduction in shale losses in the earth's interior will become possible. To solve the indicated problems, extensive work is done by the republic's scientists. However, the help of the USSR Ministry of Coal Industry will be needed.

In practice, the republic's chemical industry was established during the years of Soviet rule. It is based primarily on the utilization of shale, local phosphorites and natural gas and on the processing of plastics and some other types of raw

materials. The production of mineral fertilizers, which in 1980 totaled 269,000 tons in terms of 100 percent of the content of nutrients, is the most important in the sector. New capacities for the output of ammonia and sulfuric acid have been put into operation at the Kokhtla-Yarve Shale Chemistry Production Association imeni V. I. Lenin in the last few years.

Work on retooling shale processing enterprises will be done during the 11th Five-Year Plan. At the same time, principal attention should be drawn to a sharp reduction in environment polluting waste.

The republic has large reserves of phosphorites, on the basis of which the output of a phosphorite concentrate for the production of mineral fertilizers is to be increased in the future. In order to maintain the possibility of utilizing the natural resources of covering layers in the future, the use of the underground method of extraction of phosphorite ore at a new deposit is envisaged. The complex mining and geological conditions of occurrence of the ore bed require the solution of a number of problems connected with the selection of a technological method of phosphorite extraction.

Machine building and metalworking are widely represented in the republic's economy. A total of 55 enterprises are engaged in the production of appropriate products. Machine building and metalworking specialize in the output of nonmetal intensive products--for the electrical engineering industry, for instrument making and for electronics. During the 10th Five-Year Plan the volume of output of machine building increased 1.4-fold, including for the electronic industry, twofold, for instrument making, 1.4-fold and for the electrical engineering industry, 1.3-fold. The monitoring and testing instruments for various purposes and gas analyzers produced in the republic are delivered to many regions in the country and for export and are deservedly in demand. During the postwar years the Vol'ta Electrical Engineering Plant and the Tallinn Machine Building Plant imeni I. Lauristin, the oldest in the republic, were subjected to an almost complete reconstruction. Their capacities and production volumes increased considerably. The electric engines of the Vol'ta Plant are delivered to all the economic regions in the country and for export. The production structure of the Plant imeni I. Lauristin has been changed. It specializes in the output of air cooling equipment used at petroleum extracting and refining enterprises and in the country's gas industry. For outstanding achievements in work and a high efficiency and quality of work Mikhail Gushchin, a turner at the Tallinn Production Association of Radio Electronic Equipment, was awarded the 1980 USSR State Prize.

The following industrial sectors traditional in the republic, which are based primarily on the utilization of local types of raw materials, were developed during the past five-year plan: timber procurement and processing; food, meat and dairy industry; fishing and fish processing industry; light industry; mixed feed industry. They play an important role in the production of foodstuffs and consumer goods delivered for meeting the demand not only in the republic, but outside its boundaries as well.

Owing to the retooling of light industry enterprises during the 10th Five-Year Plan the production volume at them increased by 18.3 percent and the size of the industrial and production personnel decreased by 3.6 percent. The output of products with the Badge of Quality increased from 2.7 percent in 1975 to 19.7 percent in 1980.

The Krengol'mskaya Manufaktura and Baltiyskaya Manufaktura cotton combines and the Sewing Production Association imeni V. Klementi are the sector's advanced enterprises. Their collectives hold first place in the sector's socialist competition. Lyudmila Silkina from the Baltiyskaya Manufaktura Combine, Svetlana Petrova, Lyubov' Vykhodina and Yekaterina Zuyeva, spinners at the Krengol'mskaya Manufaktura Combine, El'vira Maksimova, seamstress at the Production Association imeni V. Klementi, and Olev Treyer, Sulev Noole and others, assistants to the foreman at the Marat Production Knitwear Combine, are right-flank workers.

Under present conditions the rates of economic development are largely determined by how fully the achievements of science, technology and engineering are utilized on a mass scale and by how rapidly the "science-technology-production" cycle is put into effect. Machine tools with digital program control and automatic and semiautomatic machines are introduced at a number of machine building plants in the republic. Advanced methods of machining parts, types of instruments and articles made from plastics and by the method of powder metallurgy and, at light industry enterprises, shuttleless looms and spindleless spinning have begun to be used more widely. Machines with a large unit capacity are introduced into shale processing.

Under the effect of the rise in the technical level the degree of mechanization and automation of labor in industry by the end of the 10th Five-Year Plan rose to 48 percent. However, taking into consideration the strained situation with labor resources in the republic, such a level is insufficient and, subsequently, this process should be accelerated. In the matter of the retooling and modernization of industrial production we expect substantial help from the Union ministries and the USSR State Planning Committee.

Most city and rayon party organizations in the Estonian SSR systematically examine and solve problems connected with an increase in production efficiency and acceleration of scientific and technical progress. For example, valuable experience in the party management of the economy has been accumulated by the Tallinn City Party organization. The attention of the city party committee and of rayon party committees is constantly concentrated on an increase in the efficiency of public production, introduction of the achievements of scientific and technical progress and improvement in the quality of output. For a number of years the city's industrial enterprises have ensured almost the entire increase in output as a result of labor productivity growth. Many articles produced by Tallinn associations in their quality and technical level correspond to the best models of domestic and world industrial production.

The Tallinn City Party Committee and rayon party committees pay much attention to an increase in production efficiency as a result of an improvement in the quality of output and the development and introduction of an overall product quality control system following the practical experience of the collectives of advanced industrial enterprises in L'vovskaya Oblast. A review-competition for the introduction of an overall quality control system has been held in the city since 1979. During the 5-year period the share of products in the superior quality category increased from 5.7 percent to almost 22 percent.

The experience of the Kekhtla-Yarve City Committee of the Communist Party of Estonia in the mobilization of labor collectives for the fulfillment of the adopted socialist obligations deserves attention. An annual preparation of the plans for party political support for the fulfillment of the socialist obligations of the city workers is one of the efficient forms of this work. On the initiative of the city party committee city headquarters were established at the key production projects under construction and housing problems were placed under special control. Advanced methods of organization of the socialist competition were introduced in the construction of the mineral fertilizer plant. Monthly specific tasks are set for brigades and schedules for the delivery of technical readiness documents are worked out.

The practice in the establishment of operation headquarters headed by secretaries of rayon party committees also proved its value during the construction of Olympic facilities in Tallinn.

Under the conditions of intensive economic development advanced experience produced by the creative energy of the masses is a powerful means of increasing production efficiency and work quality. The republic's party organizations try to more widely popularize and introduce the experience of production forerunners. Last year the Bureau of the Central Committee of the Communist Party of Estonia approved the practical experience of party organizations at the Tallinn Machine Building Plant imeni I. Lauristin and the Baltiyets Plant in the introduction of the brigade form of labor organization, which made it possible to greatly improve their economic activity. For example, in the machine shop of the machine building plant where this form of labor organization was first created in the last few years labor productivity has increased 1.5-fold and the number of workers not fulfilling output norms has been reduced to one-fifth. The experience of the mentioned plants has become widespread at other enterprises in the republic. The number of such brigades in industry now exceeds 7,000. They include about one-half of the workers.

Industrial workers face the task of not only ensuring an extensive development of the brigade form of organization and stimulation of labor, but also of improving it constantly. It is important to transfer brigades to cost accounting, to develop overall brigades and to improve planning organization. This will require a reorganization of the entire system of intraplant planning and its reorientation toward brigades.

Extensive work on the realization of the overall program for the development of agriculture worked out by the March (1965) and July (1978) plenums of the CPSU Central Committee is done in the republic. Key problems of intensification of agricultural production are examined at the plenums and meetings of the bureau and secretariat of the Central Committee of the Communist Party of Estonia and at the assemblies of the republic's party and economic aktiv. As a result, in the last few years a great deal has changed in the style of activity of rural party organizations. Its forms and methods have become more specific and substantiated. Workers of rayon committees are more engaged in vital work in the localities. They organize the competition, teach personnel and help party groups at decisive sections.

The positive experience of the country's party organizations is widely utilized in a number of regions. For example, in 1979 the Tartuskiy Rayon Party Committee increased its attention to the operation of dairy complexes and established rayon headquarters for the development of animal husbandry. Owing to this the situation in dairy departments in the rayon improved. Agroindustrial associations were established in Vil'yandiskiy and Pyarnuskiy Rayons.

The efficiency of mass technical creative work increased considerably during the 10th Five-Year Plan. A total of 40,000 inventors and rationalizers in the republic actively participate in the establishment of the material and technical base of communism and acceleration of scientific and technical progress. On the 110th anniversary of V. I. Lenin's birth the republic's innovators fulfilled the socialist obligations adopted for the 10th Five-Year Plan ahead of schedule and deposited 250 million rubles in the rationalization fund. The economic effect obtained by the republic's national economy during the 10th Five-Year Plan from the introduction of 250,000 rationalization proposals and more than 5,000 inventions exceeded 300 million rubles. On the basis of the all-Union socialist competition the republic's inventors and rationalizers were often awarded the Challenge Red Banner of the USSR State Committee for Inventions and Discoveries and of the Central Council of the All-Union Society of Inventors and Rationalizers.

Evaluating the republic's significant achievements in economic and social development during the 10th Five-Year Plan, it should be stated that they could have been weightier if ministries, departments, associations, enterprises, city and rayon party committees and party organizations had more fully utilized the existing capabilities for an increase in production efficiency and work quality. Thus, the rates of labor productivity growth and the attained level of utilization of production capacities cannot be considered sufficient. A number of industrial enterprises slowly renew the assortment of products. The development of the internal fodder base in the republic lags behind the needs of intensive animal husbandry. The fulfillment of planned assignments for the construction and commissioning of a number of production capacities, as well as social infrastructure projects, was not ensured. Administrative bodies slowly reorganize work in accordance with the new requirements for an improvement in the economic mechanism and planning.

During the 11th Five-Year Plan the Estonian SSR faces important tasks determined in "Basic Trends in the Economic and Social Development of the USSR for 1981-1985 and for the Period Until 1990." The industrial output in the republic is to be increased by 14 to 17 percent. The contribution of the Estonian SSR to the solution of all-Union problems on the basis of an outstripping development of the shale chemistry, electronic, instrument making and electrical engineering sectors of industry is increasing.

A significant program for an increase and improvement in the production and scientific potential has been envisaged. Work on the retooling of the shale processing industry and reconstruction of the Krengol'mskaya Manufaktura Cotton Combine and other light and food industry enterprises will expand.

Much attention will be given to the expansion of the production of consumer goods and development of the appropriate sectors of industry and of the agroindustrial complex for these purposes. In particular, the production of furniture and whole

milk products is to be increased. The development of the fish industry and sea transport will continue. During the 11th Five-Year Plan the average annual volume of gross agricultural output should increase by 11 to 13 percent. For this it is necessary to increase the average annual production of grain to 1,400,000-1,450,000 tons, of potatoes, to 1,300,000-1,400,000 tons, of meat (in carcass weight), to 210,000-215,000 tons and of milk, to 1.2-1.3 million tons and to drain waterlogged land on an area of 100,000 to 110,000 hectares.

Taking into consideration the strained balance of labor resources in the republic, the further development of industry, agriculture, construction and transport should be ensured mainly through intensive production factors, an extensive introduction of scientific and technological achievements and an improvement in the entire economic mechanism. In practice, this means the fullest and most rational utilization of the significant industrial potential created in the republic during previous five-year plans. We have a developed industry, agriculture, production infrastructure, skilled personnel, a developed network of scientific, planning and design organizations and an efficient system of management and planning. Our top-priority tasks are to put potentials to use, to increase the volume of output per ruble of fixed capital and to raise the rates of labor productivity growth.

Principal attention should now be concentrated on the modernization and retooling of production, introduction of advanced equipment and technology and renovation of the assortment and improvement in the quality of products in industry, construction and agriculture. The time has come, along with the introduction of new equipment into production, to intensify the process of renovation of fixed capital through a prompt replacement of machinery and equipment whose standard life has ended. Non-fulfillment of these conditions leads, on the one hand, to an increase in the output-capital ratio and, on the other, to an increase in repair work that is not always justified. Since this is quite labor intensive work with limited possibilities for mechanization, keeping considerable volumes of fixed capital in excess of the useful life on the balance of enterprises and organizations should be considered very undesirable. A relative reduction in the volumes of repair work and in the expenditures on servicing and keeping fixed capital in normal working condition is one of the most important labor saving factors under the conditions of the ever increasing capital-labor ratio in all national economic sectors.

At present the quality of fixed productive capital changes quite slowly. As before, the share of the expenditures on new equipment in the outlays on the commissioning of fixed productive capital is not very high. The level of renovation of fixed capital remains low and there are cases of nonfulfillment of planned assignments for the introduction of new equipment. Improvement in the utilization of fixed capital pertains to the most important potentials for an increase in the efficiency of public production, whose role increases to an ever greater extent under the conditions of scientific and technical progress.

Under the conditions of the shortage of working personnel the replacement of manual labor with machine labor is of special importance. Last year in accordance with the party and government decisions on improving the economic mechanism passports for manual labor were introduced at industrial enterprises and measures to reduce the number of workers engaged in manual and heavy labor were developed for

the period until 1985. From the data on the introduction of passports it is evident that, when the envisaged measures are realized, it will be possible to mechanize the labor of about 5,000 people and, what is especially important, to free 3,500 workers.

In our opinion, the following will contribute to the further improvement in the organization and stimulation of labor: wide introduction of the brigade method; development and realization of standard plans for the organization of work places; reduction in personnel turnover and forced idle time; improvement in the standardization of labor; more flexible and purposeful utilization of the granted rights to stimulate labor.

The increased attention to an improvement in the people's well-being will require the enlistment of additional labor resources in the sphere of services for the public. In its sectors it is necessary to increase the volume and to improve the quality of services, primarily through the introduction of the achievements of scientific and technical progress.

The saving of all types of material resources has a significant effect on the efficiency of public production. Purposeful work on an economical expenditure of fuel and power resources, metal and materials in building production was done in this direction in the republic during the past five-year plan. For example, as compared with norms, 240,000 tons of conventional fuel, 460 million kWh of electric power and 1.3 million Gcal of thermal energy were saved. However, the potentials have by no means been exhausted. Owing to the strained situation with some types of material resources, primarily with fuel, timber and metal, during the 11th Five-Year Plan this work should be intensified in all economic sectors as a result of an improvement in the standardization of the expenditure of material resources on the output of articles, introduction of waste-free technology, improvement in the storage and reduction in the losses of material resources and a more extensive utilization of secondary resources.

A great deal was done in the republic in the area of utilization of timber waste. The first stage of the wood board combine in Pyussi was put into operation during the 10th Five-Year Plan. It produces high-quality laminated chip boards. A shop for the production of hard wood fiber boards is now being built at this enterprise. A shop for the production of insulation wood fiber boards operates on the basis of low-grade timber and timber waste at the Viysnurk Combine in Pyarnu. However, the task of fully utilizing timber waste and increasing the efficiency of utilization of the resources of timber procurements and woodworking has not been fully accomplished and this will have to be handled during the 11th Five-Year Plan.

In November 1980 the Central Committee of the Communist Party of Estonia supported the measures for the popularization of the experience of the Ivano-Frankovskaya Oblast Committee of the Communist Party of the Ukraine in the mobilization of the collectives of timber and woodworking industry enterprises and organizations for an efficient utilization of local timber resources approved by the CPSU Central Committee, measures developed by the State Planning Committee, the Estonian SSR Ministry of Timber and Woodworking Industry, the Ministry of Forestry and Conservation of Natural Resources and the Ministry of Agriculture. By the end of the 11th Five-Year Plan 650,000 cubic meters of low-grade timber are to be drawn into

industrial processing and during the 12th Five-Year Plan timber resources are to be mobilized fully. To implement this program, plans are made to build new capacities for the output of chip boards, wood fiber boards, cement chip boards and parquet panels. As a result, the republic's needs for the indicated materials will be met, the furniture industry will be provided with board materials and the quality of housing construction will be improved.

Discussing the intensification of the policy of economy, I would like to single out two problems. It is well known how intensely railroad transport operates in the country. Fuel transport has an ever greater share in its operation. We believe that, in order to reduce the consumption of mazut in the republic, a new gas pipeline should be built both in industry and in agriculture. However, the Ministry of Gas Industry plans to begin the construction of such a gas pipeline only at the end of the 11th Five-Year Plan. We expect a speedy solution of this problem from the USSR State Planning Committee.

The second problem. In our opinion, the USSR State Planning Committee, the USSR State Committee for Material and Technical Supply, the Ministry of Railways and the Ministry of Petroleum Refining Industry should examine the possibility of construction during the 11th Five-Year Plan of a product pipeline for the delivery of white petroleum products from petroleum refining enterprises to the republic's regions. Its construction in the Estonian SSR alone would reduce the loading of railroad transport by 16,000 barrels annually.

After the adoption of the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Effect of the Economic Mechanism on Increasing Production Efficiency and Work Quality" work on improving the economic mechanism is done in the republic. New indicators are introduced: normative net output, commodity building output and normatives of wages and of profit distribution. The introduction of passports for manual labor and the preparation of passports for associations and enterprises have been completed. Republic standards and wholesale prices are being revised. In the plan for 1980 limits on the number of workers and employees have been approved for ministries and departments. A consolidated balance of labor resources throughout the republic for 1980 has been developed within the structure of the state plan. All these measures have contributed to a more rational utilization of labor resources. However, some ministries and departments do not manifest proper initiative in the introduction of new indicators and slowly improve the manner and method of production management with due regard for present conditions.

The October (1980) Plenum of the CPSU Central Committee noted that the economic mechanism must be improved more systematically. The main thing is to see to it that on the basis of the introduction of new methods of management during the 11th Five-Year Plan important practical results are attained and every worker actively participates in the implementation of the envisaged measures. Reorganization of the economic mechanism is a major economic and political task, whose solution must be placed under the unremitting control of party and soviet bodies and primary party organizations.

Delivering the accountability report of the Central Committee to the 26th party congress, L. I. Brezhnev, general secretary of the CPSU Central Committee, noted that "improvement in the organizational structures of management does not tolerate stagnation. The living and developing organism of economic management cannot be adapted to stagnant, ordinary forms. On the contrary, forms should be brought in correspondence with the changing economic tasks."¹

The 11th Five-Year Plan demands from us selfless labor, a high level of organization, complete devotion of efforts and improvement in the organizational work of party, soviet, trade-union and Komsomol organizations. Estonia's workers, kolkhoz members, engineering and technical personnel, scientists and employees under the guidance of the republic party organization will continue to devote their knowledge and energy to the implementation of party decisions and to more widely develop the mass socialist competition for a successful realization of the 11th Five-Year Plan.

COPYRIGHT: Izdatel'stvo "Ekonomika", "Planovoye khozyaystvo", 1981

11,439

CSO: 1820/156

END

1. PRAVDA, 1981, 24 February.

END OF

FICHE

DATE FILMED

9 JUNE 81

TLB